



**COUNTY OF RACINE**

---

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**For the year ended December 31, 2012**

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# **COUNTY OF RACINE, WISCONSIN**

Racine, Wisconsin

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the year ended December 31, 2012

Prepared by:

Racine County Finance Department

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## INTRODUCTORY SECTION

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**COUNTY OF RACINE**  
**FINANCE DEPARTMENT**  
**Daniel J. Eastman, Finance Director**  
730 Wisconsin Avenue  
Racine, Wisconsin 53404  
262-636-3706 Toll Free 800-242-4202

June 25, 2013

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Racine for the fiscal year ended December 31, 2012. To satisfy requirements of state law and Racine County Ordinance, this report has been prepared by the County's Finance Department in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

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

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

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The auditors' report related specifically to the single audit is not included in this document, but is issued under separate cover.

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

## **Profile of the Government**

Racine County operates under a County Executive who is responsible for the administrative functions of the County. The County Executive serves for a four year term and is elected on a non-partisan basis. The governing body of Racine County is comprised of 21 County Board Supervisors, each serving two-year terms and elected by a majority of voters from their respective district. The County Board was reduced from 23 Supervisors in April of 2012. The County Board is responsible for, among other things, passing ordinances, adopting the budget, and appointing committees. The County Executive is responsible for carrying out the policies and ordinances of the County Board, overseeing the day-to-day operations of the government, and appointing the heads of the various departments. The County elects the following offices to four year terms on a partisan basis, County Clerk, County Treasurer, Register of Deeds, County Sheriff, and Clerk of Courts.

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

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

## **Factors Affecting Financial Condition**

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

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

The region has a varied manufacturing and industrial base that adds to the relative stability of the unemployment rate over the past year. The December 2012 unemployment rate of 8.3% is higher than the 7.9% reported at the end of 2011. Racine County is world headquarters of S.C. Johnson Wax, a leading global manufacturer of chemical specialty products for home care, insect control, and personal care. Racine County is also home to over 450 manufacturing companies including CNH, a manufacturer of agricultural and construction equipment and In-Sink-Erator, the world's largest manufacturer of household and commercial disposer systems.

**Long-term financial planning.** Racine County engages in a strategic, long-term planning process which focuses on improving the economic health and general wellbeing of the County. The County's long term planning methods respond to changing national economic conditions by considering the impact of anticipated changes in the levels of state and Federal program funding, advances in technology, the volume of annual business development in the County, population growth and general employment levels. The County re-visits and adjusts its five-year capital improvement plan each year to maximize efficient capital spending. The plan identifies major capital improvement projects and the methods to finance them.

**Major Initiatives.** The 2013 budget includes plans to

- Continue to expand the county's revolving loan fund provided by Racine County Economic Development Corporation to advance economic development of the entire county.
- Complete key renovations at the Reefpoint Marina and continue marketing strategies to increase usage and create a positive economic impact on eastern Racine County.
- Establish a Behavior Health Clinic to provide better mental health and AODA services to the population of Racine County.
- Establish a dog park on the west end of Racine County to increase park usage and provide a safe and dedicated area for local pet owners.
- Implement a process to scan all county contracts to more efficiently process contracts and allow for increased search capabilities across all departments while reducing dependency on paper processes and copies.

### **Relevant Financial Policies**

**Cash management.** Cash temporarily idle during the year was invested in certificates of deposit, U.S. Treasury obligations, the State of Wisconsin Local Government Investment Pool, and collateralized repurchase agreements. The primary objectives of the County's investment policy are to preserve capital in the overall portfolio, to remain sufficiently liquid to meet disbursement requirements, and to realize the maximum return consistent with portfolio safety and liquidity needs. The County Treasurer is responsible for investment of county funds.

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

**Debt Administration.** The County continues to have low-cost access to the debt markets to finance various capital projects. It is management's objective to adequately plan to meet the County's ongoing demands for essential capital improvement projects and equipment without overburdening taxpayers with general obligation bonds payable from tax levies. As of December 31, 2012, the County was rated Aa1, stable by Moody's Investor Services and AA, stable by Fitch Ratings on its long-term debt. Our recent ratings have remained unchanged. A rating reflects only the views of the rating agency assigning such rating and

an explanation of the significance of such ratings may be obtained from such rating agency. The County has furnished to the rating agencies certain information and materials relating to the bonds and the County, including certain information and materials that have not been included in this financial report.

**Risk management.** Racine County is self funded for most risks, including workers' compensation, employee and retiree medical expenses, automobile, and public liability. As part of this comprehensive plan, the County maintains stop-loss coverage and accumulates resources in the general fund to meet potential losses. In addition, various control techniques, including employee accident prevention training, have been implemented during the year to minimize accident-related losses. 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.

Racine County also provides postemployment health benefits for certain retirees and their dependents, which are financed on a pay-as-you-go basis. Additional information on Racine County's pension arrangements and postemployment benefits can be found in Notes IV.D and IV.E of the notes to the financial statements.

#### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its annual financial report for the fiscal year ended December 31, 2011. In order to be awarded a Certificate of Achievement, the county must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and other County departments. 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.

Respectfully submitted,



Daniel J. Eastman  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Racine  
Wisconsin

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

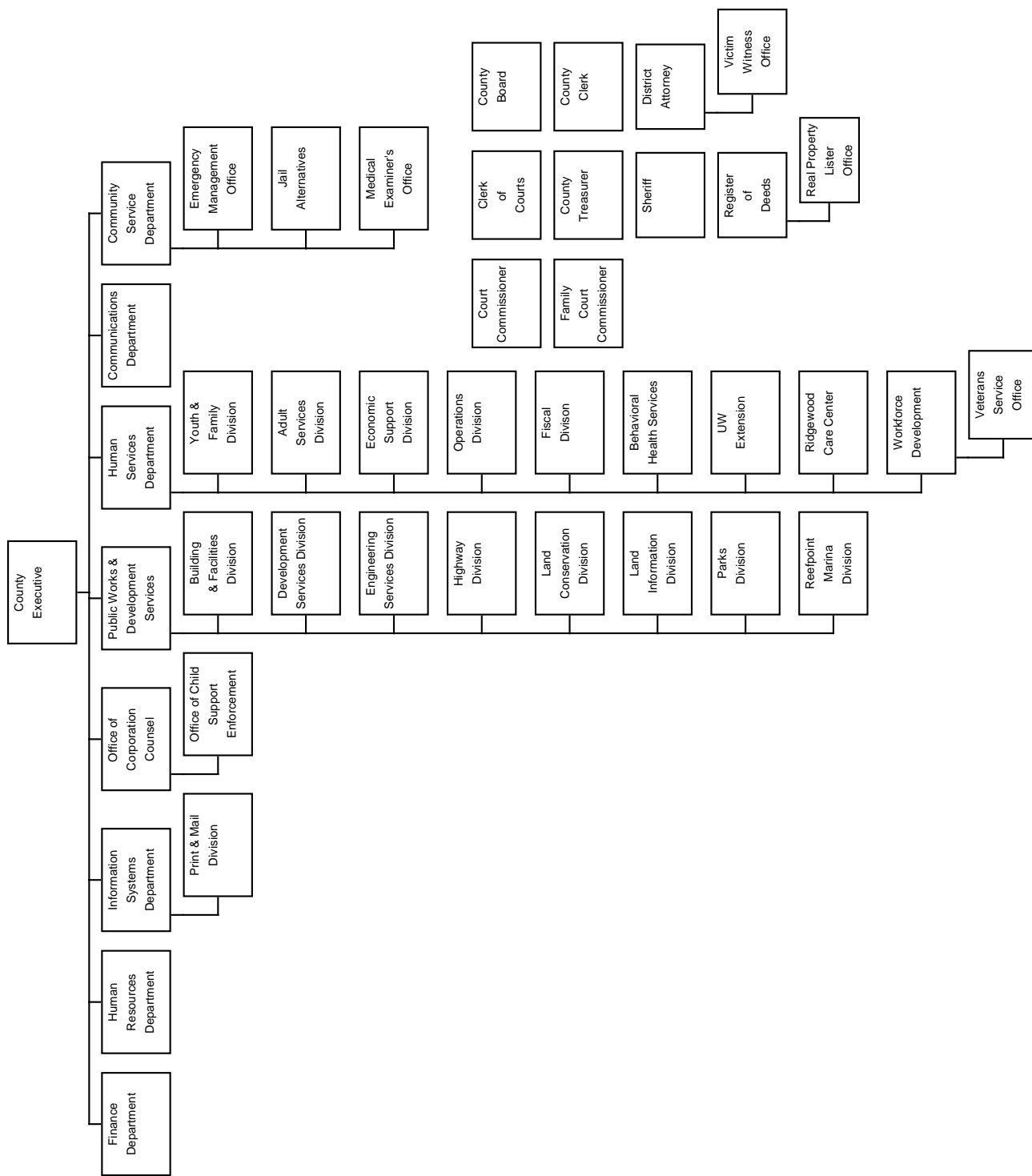


*Christopher P. Morrell*

President

*Jeffrey R. Emer*

Executive Director



**COUNTY OF RACINE PRINCIPAL OFFICIALS**

**County Elected Officials**

County Executive .....James A. Ladwig  
County Clerk.....Wendy M. Christensen  
County Treasurer .....Jane F. Nikolai  
Register of Deeds.....Tyson Fettes  
Clerk of Circuit Court .....Rose Lee  
Sheriff.....Christopher Schmaling

**County Board of Supervisors (by District Number) \***

1 – Donnie Snow	12 – Ronald Molnar
2 – Kiana K. Johnson	13 – Mark M. Gleason
3 – Monte Osterman	14 – Katherine Buske
4 – Kenneth Lumpkin	15 – John Wisch
5 – David Cooke	16 – Peter L. Hansen, Chairman
6 – Q.A. Shakoor, II	17 – Robert D. Grove
7 – Russell A. Clark, Vice Chairman	18 – Gilbert Bakke
8 – Daniel F. Sharkozy	19 – Jeff Halbach
9 – Pamela Zenner-Richards	20 – Thomas Pringle
10 – Kenneth Hall	21 – Mike Dawson
11 – Robert N. Miller	

**Appointed Officials \***

Finance Director .....Daniel J. Eastman  
Corporation Counsel .....Jonathan F. Lehman  
Human Resources Director.....Karen Galbraith  
Information Systems Director.....Terry DeBrabander  
Human Services Director .....Jonathan Delegrave  
Public Works & Development Services Director .....Julie A. Anderson  
Communications Director.....Thomas J. Christensen  
Chief of Staff .....Lorna George

\* - at the time this report is issued

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Racine, Wisconsin, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County of Racine's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Racine, Wisconsin, as of December 31, 2012 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Human Services Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note I, the County of Racine adopted the provisions of GASB Statement No. 63, *Financial Reporting for Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective January 1, 2012. Our opinions are not modified with respect to this matter.

### **Other Matters**

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Racine's basic financial statements. The supplementary information such as combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information such as combining and individual fund financial statements are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

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

**Other Reporting Required by *Government Auditing Standards***

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

*Baker Tilly Vinchow Krause, LLP*

Milwaukee, Wisconsin  
June 24, 2013

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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

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**COUNTY OF RACINE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2012**

As management of Racine County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2012. Please read it in conjunction with the letter of transmittal, which can be found on pages 1-4 of this report.

**Financial Highlights**

- The County's assets exceeded its liabilities, at the close of the 2012 year by \$49.5 million (*net position*), \$40.2 million in governmental activities and \$9.3 million in business-type activities. The unrestricted net position of the County was a negative \$28.1 million.
- The County's total net position decreased by \$7.5 million. Governmental activities decreased the County's net position by \$8.0 million, and business-type activities increased net assets by \$.4 million.
- On December 31, 2012, the County's governmental funds reported combined fund balances of \$57.1 million, a decrease of \$2.5 million from 2011. Approximately \$15.2 million, or 26.6% of the combined fund balance, is available for spending at the government's discretion (*unassigned fund balance*).

**Overview of the Financial Statements**

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

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

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

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

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

**COUNTY OF RACINE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**As of and for the Year Ended December 31, 2012**

The government-wide financial statements can be found on pages 22-23 of this report.

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 24-29 of this report.

**Proprietary funds** are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Racine County uses enterprise funds to account for its Ridgewood healthcare center, Reefpoint marina, behavioral health services, and golf courses. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Racine County uses internal service funds for its central fleet and the highway department.

**COUNTY OF RACINE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**As of and for the Year Ended December 31, 2012**

Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The proprietary fund financial statements can be found on pages 30-33 of this report.

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

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

The fiduciary fund financial statements can be found on page 34 of this report.

**Notes to the financial statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-72 of this report.

**Required supplementary information** provides information on the funding progress of the County's other postemployment benefits (OPEB) on page 73 of this report.

**Supplementary information** includes the combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds. Combining and individual fund statements are presented immediately following the required supplementary information on pages 74-91 of this report. Detailed schedules of capital assets used in operation of governmental funds can be found on pages 92-94 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Racine County, assets exceeded liabilities by \$49.5 million at the close of the most recent fiscal year.

The largest portion of the County's net position reflects its net investment in capital assets (e.g., land, improvements, buildings, infrastructure, machinery, and equipment, net of depreciation),

**COUNTY OF RACINE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**As of and for the Year Ended December 31, 2012**

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

The restricted net positions represent resources that are subject to external restrictions on how they may be used. Unrestricted net position represent the remaining amount of net position that are neither related to capital assets nor are restricted for specific purposes.

RACINE COUNTY'S NET POSITION  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 132,365	\$ 132,321	\$ 5,380	\$ 4,350	\$ 137,745	\$ 136,671
Capital assets	107,488	103,937	13,211	9,173	120,699	113,110
Total assets	<u>239,853</u>	<u>236,258</u>	<u>18,591</u>	<u>13,523</u>	<u>258,444</u>	<u>249,781</u>
Long-term liabilities	134,385	124,710	8,232	3,842	142,617	128,552
Other liabilities	65,225	63,355	1,076	839	66,301	64,194
Total liabilities	<u>199,610</u>	<u>188,065</u>	<u>9,308</u>	<u>4,681</u>	<u>208,918</u>	<u>192,746</u>
Net position						
Net investment in capital assets	70,301	66,531	6,454	5,652	76,755	72,183
Restricted	864	1,192	-	-	864	1,192
Unrestricted (deficit)	<u>(30,922)</u>	<u>(19,530)</u>	<u>2,829</u>	<u>3,192</u>	<u>(28,093)</u>	<u>(16,338)</u>
Total net position	<u>\$ 40,243</u>	<u>\$ 48,193</u>	<u>\$ 9,283</u>	<u>\$ 8,844</u>	<u>\$ 49,526</u>	<u>\$ 57,037</u>

**COUNTY OF RACINE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**As of and for the Year Ended December 31, 2012**

As shown in the following table, the County's net position decreased by \$7.5 million during the year.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 11,212	\$ 10,467	\$ 17,901	\$ 17,392	\$ 29,113	\$ 27,859
Operating grants and contributions	43,786	45,996	-	-	43,786	45,996
Capital grants and contributions	1,088	494	-	-	1,088	494
General Revenues:						
Property taxes	51,540	50,796	-	-	51,540	50,796
Other taxes	93	-	-	-	93	-
Grants not restricted to specific programs	2,712	3,840	-	-	2,712	3,840
Other	4,870	5,531	-	-	4,870	5,531
<b>Total revenues</b>	<u>115,301</u>	<u>117,124</u>	<u>17,901</u>	<u>17,392</u>	<u>133,202</u>	<u>134,516</u>
<b>Expenses:</b>						
General government	21,188	18,795	-	-	21,188	18,795
Public safety	36,177	34,917	-	-	36,177	34,917
Health and social services	46,463	50,583	-	-	46,463	50,583
Education and recreation	5,841	6,271	-	-	5,841	6,271
Development	4,522	4,287	-	-	4,522	4,287
Highways and streets	6,271	6,846	-	-	6,271	6,846
Interest and fiscal charges	1,657	1,815	-	-	1,657	1,815
Healthcare Center	-	-	17,151	16,497	17,151	16,497
Reefpoint Marina	-	-	1,181	-	1,181	-
Golf Courses	-	-	262	236	262	236
<b>Total expenses</b>	<u>122,119</u>	<u>123,514</u>	<u>18,594</u>	<u>16,733</u>	<u>140,713</u>	<u>140,247</u>
<b>Change in net position before transfers</b>	(6,818)	(6,390)	(693)	659	(7,511)	(5,731)
Transfers	(1,133)	(1,558)	1,133	1,558	-	-
<b>Change in net position</b>	(7,951)	(7,948)	440	2,217	(7,511)	(5,731)
<b>Net position - beginning</b>	48,194	56,141	8,844	6,627	57,038	62,768
<b>Net position - ending</b>	<u>\$ 40,243</u>	<u>\$ 48,193</u>	<u>\$ 9,284</u>	<u>\$ 8,844</u>	<u>\$ 49,527</u>	<u>\$ 57,037</u>

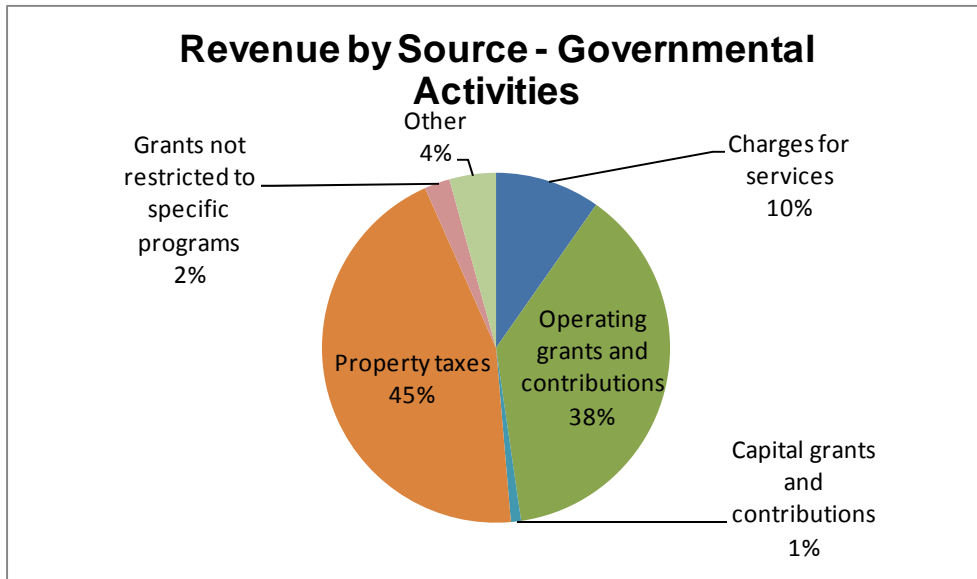
**COUNTY OF RACINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2012**

**Governmental Activities**

Revenues for the County's governmental activities were \$115.31 million for fiscal year 2012, representing a decrease of \$1.8 million, or 1.6%, over fiscal year 2011. The decrease is primarily due to reduced funding from the state for the human service department. Sources of revenue for 2012 as a percentage of total revenues are shown below. Property taxes constitute the largest revenue source and remain consistent with the prior year.

The overall decrease in expenses for governmental activities was \$1.4 million, or 1.1%. The majority of the decrease is again due to reduced funding from the state for the human services department which resulted in a decrease in human service department grant spending.

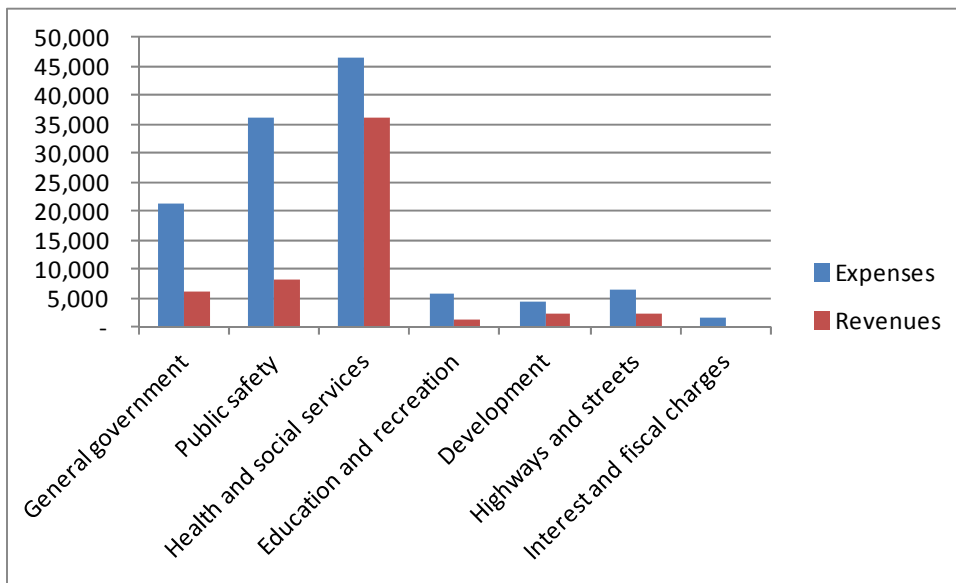
The decrease in net position for 2012 is the result of the change in the county's other postemployment obligation.



**COUNTY OF RACINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2012**

Governmental activities expenses exceeded program revenues by \$66.0 million. When general revenues (which include such items as property taxes, investment earnings, and grants and contributions not restricted to specific programs) are included, total expenses exceed revenues by \$7.9 million after transfers. The following graph illustrates the expenses and program revenues, which does not include general revenues, for each area.

**Expenses and Program Revenues – Governmental Activities**

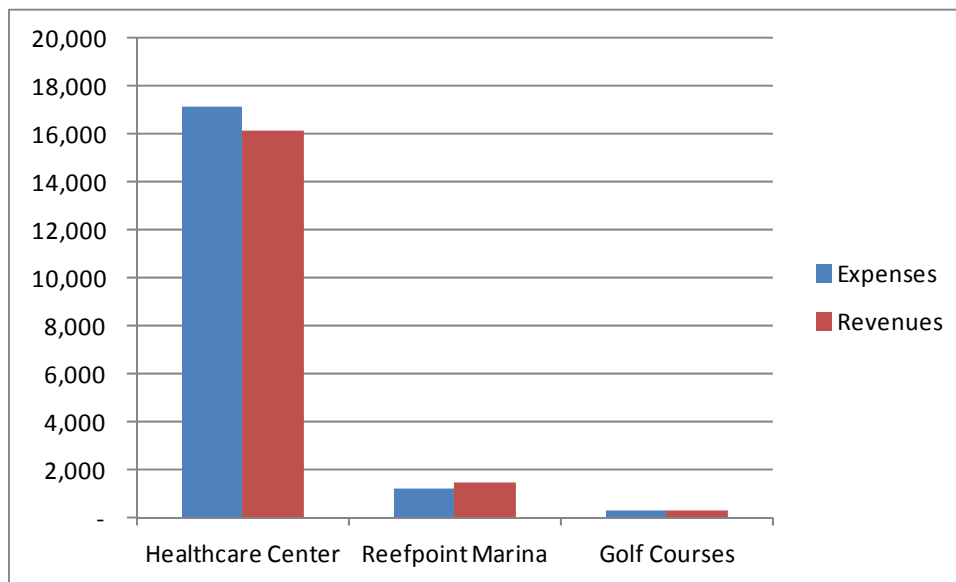


**COUNTY OF RACINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2012**

**Business-type Activities**

Business-type activities (before transfers) decreased the County's net position by \$0.7 million. This is comparable to prior years and is the result of charges for services covering related program expenses.

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



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

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

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

At the end of the current fiscal year, Racine County's governmental funds reported combined fund balances of \$57.1 million, a decrease of \$2.5 million in comparison with the prior year. Approximately 27% of this amount, \$15.2 million, is *unassigned fund balance*, which is available for spending at the governments' discretion. The remainder of fund balance is *nonspendable, restricted, committed or assigned* to indicate that it is not available for new spending because it has already been committed for inventory and prepaid items, non-current receivables, delinquent taxes, carryovers, endowment requirements, debt service or other purposes.



**COUNTY OF RACINE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**As of and for the Year Ended December 31, 2012**

The General fund is the chief operating fund of the County. At year end, total fund balance of the General fund was \$45.7 million, of which 33.2%, or \$15.2 million, was unassigned. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers. Unassigned fund balance represents 20.0% of total General fund expenditures and transfers out, while total fund balance represents 60.2% of that same amount.

Fund balance of the County's General fund decreased from the prior year with a \$2.8 million decrease.

The Human Services special revenue fund accounts for the revenue and expenditures associated with the Human Services Department. Human Services is the largest department within the County's government and receives a wide variety of intergovernmental revenues. The Human Services fund balance of \$2.4 million includes \$2.4 million of funds assigned for specific purposes. Fund balance of the Human Services department decreased by \$0.3 million.

**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 position of Ridgewood Healthcare Center at the end of the year was \$1.7 million. The total growth in net position was \$0.1 million. Unrestricted net position of the Reefpoint Marina at the end of the year was \$0.4, a 100% increase, as this is a new fund in 2012.

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

### **General Fund Budgetary Highlights**

Differences between the original and the final amended budget resulted in a \$5.7 million increase in appropriations. Carryovers and encumbrances accounted for nearly \$3.57 million (63%) of the increase. This amount was budgeted from available fund balance. The remaining \$2.13 million increase is mainly attributable to grants and other items, including:

- \$223,000 of Sheriff office grants to increase enforcement of drunk driving laws and provide additional deputy presence on I-94.
- \$1.7 million of Community Development Block Grants and Racine County Economic Development Corporation grants for business development and retention within Racine County.

Actual revenues of the general fund were \$0.1 million under the final amended budget. Fines and fees were \$0.2 million under budget due to \$105,000 in shortfall in inmate telephone charges. \$70,000 was due to a decrease in clerk of court fines. Miscellaneous revenues were \$0.4 over budget due to \$305,000 in copier pool revenues, which are not budgeted for.

**COUNTY OF RACINE  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2012**

Actual expenditures of the general fund were \$1.4 million under the final amended budget. Of that amount, \$.892 million was carried forward to 2013 for budgeted projects and grants which were not completed in 2012.

The General Fund budgetary comparison is presented on page 28 of this report.

**Capital Asset and Debt Administration**

**Capital assets.** Racine County's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounted to \$120.7 million (net of accumulated depreciation), an increase of \$7.6 million from 2011. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, highways and bridges, and construction in progress.

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

- The County purchased Reefppoint Marina for \$4.3 million.
- The County invested \$1 million in a phone system replacement.
- The County installed a new payroll timekeeping system for \$350,000.

RACINE COUNTY'S CAPITAL ASSETS  
(net, in thousands)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 21,812	\$ 21,557	\$ 1,132	\$ 1,132	\$ 22,944	\$ 22,689
Construction in progress	6,789	3,471	137	113	6,926	3,584
Buildings	39,744	40,312	8,563	5,753	48,307	46,065
Improvements	5,764	5,891	2,883	1,733	8,647	7,624
Machinery and equipment	7,094	7,870	496	444	7,590	8,314
Infrastructure	26,285	24,836	-	-	26,285	24,836
Total	<u>\$107,488</u>	<u>\$103,937</u>	<u>\$13,211</u>	<u>\$ 9,175</u>	<u>\$120,699</u>	<u>\$113,112</u>

Additional information on the 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 \$58.0 million of general obligation debt outstanding. The County maintains an Aa1 rating from Moody's Investors Services on general obligation debt. Under current state statutes, the County's general obligation debt issues are subject to a legal limitation of 5% of the equalized value of taxable property in the County. As of December 31, 2012 the County's total amount applicable to the debt margin (outstanding notes less debt service fund balance) is \$57.6 million, which is significantly below the legal limit of \$705.8 million. The net debt per capita remained consistent with the previous year at \$295 at year end.

**COUNTY OF RACINE**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**As of and for the Year Ended December 31, 2012**

During the year, the County issued \$10.2 million of taxable general obligation promissory to refund the 2003 and 2004 taxable general obligation notes. The county also issued \$10 million of tax exempt general obligation notes and bonds to finance public improvements, including the purchase of the Reefpoint Marina.

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

**Economic Factors**

Current economic conditions, including the recession, have impacted communities throughout Wisconsin and the nation. Major revenue sources of the County continue to be affected by the slower than expected economic recovery, historically low interest rates, difficulties in the real estate market recovery, and the State budget deficit. Additionally, the County is responsible for the delinquent taxes of all municipalities within its borders.

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

**Next Year's Budget and Rates**

In 2012, the State of Wisconsin brought the County many challenges and opportunities, including a decrease in State aid funding, tighter tax levy limitations, and mandated employee benefit reductions. In 2013, the county negotiated with Deputy/Sheriff and Command Staff Association to have employees contribute the employee portion to the Wisconsin Retirement System, which will save the county money from the public safety budget. Also in 2013, the county commenced operations of the behavioral health services.

The 2013 general county-wide levy, which covers operations and debt services, remained virtually the same as 2012. Other tax levies of the County include bridge aids, library, and county schools. Overall, the County's total tax levy increased by 0.22% or \$111,000 from 2012.

**Requests for Information**

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

General information relating to Racine County, Wisconsin, can be found at the County's website, [www.racineco.com](http://www.racineco.com).

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## **BASIC FINANCIAL STATEMENTS**

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF NET POSITION**  
As of December 31, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 47,460,231	\$ 472,094	\$ 47,932,325
Receivables (net of allowance for uncollectibles)	84,050,547	2,672,823	86,723,370
Internal balances	(1,891,572)	1,891,572	-
Inventories	884,132	105,448	989,580
Prepaid items	802,152	71,468	873,620
Deferred charges	339,511	52,580	392,091
Restricted cash and investments	720,458	114,442	834,900
Capital assets not being depreciated:			
Land	21,812,455	1,131,762	22,944,217
Construction in progress	6,789,131	137,056	6,926,187
Capital assets being depreciated, net	78,885,896	11,942,184	90,828,080
Total assets	<u>239,852,941</u>	<u>18,591,429</u>	<u>258,444,370</u>
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	13,240,331	770,500	14,010,831
Accrued interest payable	334,458	21,294	355,752
Due to other governments	101,401	-	101,401
Unearned revenues	51,548,781	221,827	51,770,608
Deposits	-	62,510	62,510
Noncurrent liabilities:			
Due within one year	7,865,883	891,907	8,757,790
Due in more than one year	126,519,031	7,339,754	133,858,785
Total liabilities	<u>199,609,885</u>	<u>9,307,792</u>	<u>208,917,677</u>
<b>NET POSITION</b>			
Net investment in capital assets	70,301,141	6,454,139	76,755,280
Restricted for:			
Recreational land acquisition	311,936	-	311,936
Expendable Endowments	222,141	-	222,141
Nonexpendable Endowments	264,246	-	264,246
Debt service	66,024	-	66,024
Unrestricted (deficit)	(30,922,432)	2,829,498	(28,092,934)
Total net position	<u>\$ 40,243,056</u>	<u>\$ 9,283,637</u>	<u>\$ 49,526,693</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2012

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 21,188,097	\$ 4,747,056	\$ 1,339,018	\$ -	\$ (15,102,023)	\$ -	\$ (15,102,023)
Public safety	36,176,316	2,941,499	5,075,873	-	(28,158,944)	-	(28,158,944)
Health and social services	46,463,188	3,058,583	33,115,012	-	(10,289,593)	-	(10,289,593)
Education and recreation	5,841,238	259,031	53,038	840,600	(4,688,569)	-	(4,688,569)
Development	4,522,382	205,898	2,048,679	-	(2,267,805)	-	(2,267,805)
Highways and streets	6,270,486	-	2,154,423	247,765	(3,868,298)	-	(3,868,298)
Interest and fiscal charges	1,656,893	-	-	-	(1,656,893)	-	(1,656,893)
Total governmental activities	<u>122,118,600</u>	<u>11,212,067</u>	<u>43,786,043</u>	<u>1,088,365</u>	<u>(66,032,125)</u>	<u>-</u>	<u>(66,032,125)</u>
Business-type activities:							
Healthcare center	17,150,754	16,153,936	-	-	-	(996,818)	(996,818)
Reefpoint Marina	1,181,067	1,431,574	-	-	-	250,507	250,507
Golf courses	262,551	314,984	-	-	-	52,433	52,433
Total business-type activities	<u>18,594,372</u>	<u>17,900,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(693,878)</u>	<u>(693,878)</u>
Total primary government	<u>\$ 140,712,972</u>	<u>\$ 29,112,561</u>	<u>\$ 43,786,043</u>	<u>\$ 1,088,365</u>	<u>(66,032,125)</u>	<u>(693,878)</u>	<u>(66,726,003)</u>
General Revenues:							
Property taxes for general purposes					45,782,433	-	45,782,433
Property taxes for debt service					5,758,025	-	5,758,025
Other taxes					92,821	-	92,821
Grants not restricted to specific programs					2,711,964	-	2,711,964
Unrestricted investment earnings					3,754,217	67	3,754,284
Other					1,115,493	-	1,115,493
Transfers					(1,133,356)	1,133,356	-
Total general revenues and transfers					<u>58,081,597</u>	<u>1,133,423</u>	<u>59,215,020</u>
Change in net position					(7,950,528)	439,545	(7,510,983)
<b>NET POSITION</b>							
Beginning of year					<u>48,193,584</u>	<u>8,844,092</u>	<u>57,037,676</u>
End of Year					<u>\$ 40,243,056</u>	<u>\$ 9,283,637</u>	<u>\$ 49,526,693</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**As of December 31, 2012**

	<b>General</b>	<b>Human Services Fund</b>	<b>Debt Service Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and investments	\$ 46,969,278	\$ 1,025	\$ 489,228	\$ -	\$ 47,459,531
Receivables:					
Property taxes	44,673,281	-	5,579,694	759,010	51,011,985
Delinquent property taxes (net of uncollectibles of \$275,879)	14,108,560	-	-	-	14,108,560
Loans	2,600,000	-	-	-	2,600,000
Due from other governments	3,431,991	5,589,279	-	-	9,021,270
Interest and penalties	4,845,750	-	-	-	4,845,750
Accounts	751,176	915,340	-	-	1,666,516
Due from other funds	1,121,001	1,554,978	-	8,726,167	11,402,146
Inventories	14,878	-	-	-	14,878
Prepaid items	789,172	12,385	-	-	801,557
Restricted cash and investments	311,936	-	-	408,522	720,458
Total assets	<u>\$ 119,617,023</u>	<u>\$ 8,073,007</u>	<u>\$ 6,068,922</u>	<u>\$ 9,893,699</u>	<u>\$ 143,652,651</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	2,283,653	5,679,550	-	526,176	8,489,379
Accrued liabilities	4,056,115	-	-	-	4,056,115
Due to other governments	101,401	-	-	-	101,401
Due to other funds	15,627,308	-	88,646	-	15,715,954
Deferred revenues	<u>51,831,599</u>	<u>29,651</u>	<u>5,579,694</u>	<u>759,010</u>	<u>58,199,954</u>
Total liabilities	<u>73,900,076</u>	<u>5,709,201</u>	<u>5,668,340</u>	<u>1,285,186</u>	<u>86,562,803</u>
<b>FUND BALANCES</b>					
Nonspendable	15,904,149	12,385	-	264,246	16,180,780
Restricted for					
Recreational land acquisition	311,936	-	-	-	311,936
Debt service	-	-	400,582	-	400,582
Endowments	-	-	-	222,141	222,141
Committed	14,307,806	-	-	5,327,949	19,635,755
Assigned	-	2,351,421	-	2,794,177	5,145,598
Unassigned	<u>15,193,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,193,056</u>
Total fund balances	<u>45,716,947</u>	<u>2,363,806</u>	<u>400,582</u>	<u>8,608,513</u>	<u>57,089,848</u>
Total liabilities and fund balances	<u>\$ 119,617,023</u>	<u>\$ 8,073,007</u>	<u>\$ 6,068,922</u>	<u>\$ 9,893,699</u>	<u>\$ 143,652,651</u>

The accompanying notes are an integral part of this statement.



**COUNTY OF RACINE, WISCONSIN  
RECONCILIATION OF THE BALANCE SHEET  
OF THE GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION  
As of December 31, 2012**

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

<b>Fund balances of governmental funds</b>	<b>\$</b>	<b>57,089,848</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Land		21,812,455
Construction in progress		6,789,131
Capital assets being depreciated, net		78,885,896
Less: Internal service fund capital assets, net of depreciation		(7,071,279)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
		6,651,173
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		(49,924,499)
Unamortized premium on long-term debt		(204,688)
Unamortized loss on refunding		111,017
Compensated absences		(2,741,066)
Claims and judgments		(3,503,261)
Net OPEB obligation		(78,122,417)
Accrued interest on long-term debt		(334,458)
Deferred charges		339,511
Less: Internal service fund general obligation debt		117,087
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.		
		<u>10,348,606</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>40,243,056</u></b>

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

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2012**

	<u>General</u>	<u>Human Services Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 44,435,622	\$ -	\$ 5,758,025	\$ 716,260	\$ 50,909,907
Intergovernmental	14,525,045	30,672,676	-	2,402,188	47,599,909
Fines and fees	8,357,337	70,092	-	-	8,427,429
Investment income	3,746,891	-	949	6,377	3,754,217
Miscellaneous	796,536	2,184,943	726,349	260	3,708,088
Total revenues	<u>71,861,431</u>	<u>32,927,711</u>	<u>6,485,323</u>	<u>3,125,085</u>	<u>114,399,550</u>
<b>EXPENDITURES</b>					
Current:					
General government	17,862,727	-	-	-	17,862,727
Public safety	33,147,567	-	-	-	33,147,567
Health and social services	4,992,807	38,815,711	-	-	43,808,518
Education and recreation	3,843,627	-	-	667,562	4,511,189
Development	3,051,344	-	-	-	3,051,344
Highways and streets	650,073	-	-	6,616,355	7,266,428
Capital outlay	3,212,930	-	-	2,935,416	6,148,346
Debt service:					
Principal retirement	-	-	12,667,058	-	12,667,058
Interest and fiscal charges	-	-	1,687,461	30,343	1,717,804
Total expenditures	<u>66,761,075</u>	<u>38,815,711</u>	<u>14,354,519</u>	<u>10,249,676</u>	<u>130,180,981</u>
Excess (deficiency) of revenues over expenditures	<u>5,100,356</u>	<u>(5,888,000)</u>	<u>(7,869,196)</u>	<u>(7,124,591)</u>	<u>(15,781,431)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,354,301	6,076,112	419,327	5,272,989	13,122,729
Transfers out	(9,205,879)	(524,298)	(710,480)	(3,982,705)	(14,423,362)
Proceeds from sale of capital assets	-	-	-	10,400	10,400
Issuance of general obligation debt	-	-	8,340,668	6,106,744	14,447,412
Net premium on issuance of debt	-	-	26,693	47,091	73,784
Total other financing sources (uses)	<u>(7,851,578)</u>	<u>5,551,814</u>	<u>8,076,208</u>	<u>7,454,519</u>	<u>13,230,963</u>
Net change in fund balances	(2,751,222)	(336,186)	207,012	329,928	(2,550,468)
<b>FUND BALANCES</b>					
Beginning of year	<u>48,468,169</u>	<u>2,699,992</u>	<u>193,570</u>	<u>8,278,585</u>	<u>59,640,316</u>
End of year	<u>\$ 45,716,947</u>	<u>\$ 2,363,806</u>	<u>\$ 400,582</u>	<u>\$ 8,608,513</u>	<u>\$ 57,089,848</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2012**

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

**Net changes in fund balances - total governmental funds** **\$ (2,550,468)**

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 position.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	6,148,346
Some items reported as current expenditures were capitalized	1,743,805
Depreciation is reported in the government-wide financial statements	(4,788,794)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position	(101,451)

The net revenue of the internal service funds is reported with governmental activities.	203,522
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements.	926,372
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Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds.

Debt issued	(14,447,412)
Principal repaid	12,667,058

Governmental funds report debt premiums, discounts and issuance costs as other financing sources (uses) or expenditures. However, in the statement of net position, 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 issuance costs	61,292
Debt premium	(73,784)
Amortization of debt premium	27,151
Amortization of debt issuance costs	(68,946)
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	139,868
Compensated absences	228,257
Claims and judgments	667,541
Net OPEB Obligation	<u>(8,717,025)</u>

**Changes in net position of the governmental activities** **\$ (7,950,528)**

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2012**

	<u>Budgeted Amount</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 44,426,562	\$ 44,519,095	\$ 44,435,622	\$ (83,473)
Intergovernmental	11,757,067	14,636,631	14,525,045	(111,586)
Fines and fees	8,050,475	8,562,753	8,357,337	(205,416)
Investment income	3,786,000	3,786,153	3,746,891	(39,262)
Miscellaneous	222,057	434,679	796,536	361,857
Total revenues	<u>68,242,161</u>	<u>71,939,311</u>	<u>71,861,431</u>	<u>(77,880)</u>
<b>EXPENDITURES</b>				
Current:				
General government	13,486,021	16,907,909	17,862,727	(954,818)
Public safety	34,073,675	34,318,538	33,147,567	1,170,971
Health and social services	5,949,439	6,005,139	4,992,807	1,012,332
Education and recreation	3,952,851	4,035,535	3,843,627	191,908
Development	1,406,347	3,218,432	3,051,344	167,088
Highways and streets	619,750	619,750	650,073	(30,323)
Capital outlay	<u>3,003,554</u>	<u>3,088,269</u>	<u>3,212,930</u>	<u>(124,661)</u>
Total expenditures	<u>62,491,637</u>	<u>68,193,572</u>	<u>66,761,075</u>	<u>1,432,497</u>
Excess (deficiency) of revenues over expenditures	<u>5,750,524</u>	<u>3,745,739</u>	<u>5,100,356</u>	<u>1,354,617</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,302,114	1,302,114	1,354,301	52,187
Transfers out	<u>(9,055,044)</u>	<u>(9,205,879)</u>	<u>(9,205,879)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,752,930)</u>	<u>(7,903,765)</u>	<u>(7,851,578)</u>	<u>52,187</u>
Net change in fund balances	<u>\$ (2,002,406)</u>	<u>\$ (4,158,026)</u>	<u>(2,751,222)</u>	<u>\$ 1,406,804</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>48,468,169</u>	
End of year			<u>\$ 45,716,947</u>	

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN  
HUMAN SERVICES FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2012**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 30,955,616	\$ 33,044,396	\$ 30,672,676	\$ (2,371,720)
Fines and fees	697,845	697,845	70,092	(627,753)
Miscellaneous	<u>2,632,477</u>	<u>2,644,477</u>	<u>2,184,943</u>	<u>(459,534)</u>
Total revenues	<u>34,285,938</u>	<u>36,386,718</u>	<u>32,927,711</u>	<u>(3,459,007)</u>
<b>EXPENDITURES</b>				
Current:				
Health and social services	<u>40,610,974</u>	<u>42,692,626</u>	<u>38,815,711</u>	<u>3,876,915</u>
Total expenditures	<u>40,610,974</u>	<u>42,692,626</u>	<u>38,815,711</u>	<u>3,876,915</u>
Excess (deficiency) of revenues over expenditures	<u>(6,325,036)</u>	<u>(6,305,908)</u>	<u>(5,888,000)</u>	<u>417,908</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,075,036	6,076,112	6,076,112	-
Transfers out	<u>(457,000)</u>	<u>(524,298)</u>	<u>(524,298)</u>	<u>-</u>
Total other financing sources (uses)	<u>5,618,036</u>	<u>5,551,814</u>	<u>5,551,814</u>	<u>-</u>
Net change in fund balances	<u>\$ (707,000)</u>	<u>\$ (754,094)</u>	<u>(336,186)</u>	<u>\$ 417,908</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>2,699,992</u>	
End of year			<u>\$ 2,363,806</u>	

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**As of December 31, 2012**

	Business-type Activities - Enterprise Funds			Governmental Activities	
	Ridgewood Healthcare Center	Reefpoint Marina	Nonmajor Enterprise Funds	Totals	Internal Service Funds
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and investments	\$ 3,000	\$ -	\$ 469,094	\$ 472,094	\$ 700
Receivables (net of allowance for uncollectibles)	480,358	-	9,211	489,569	12,920
Due from other governments	2,183,254	-	-	2,183,254	783,546
Due from other funds	460,910	1,186,157	244,505	1,891,572	3,454,591
Inventories	105,448	-	-	105,448	869,254
Prepaid items	67,420	3,502	546	71,468	595
Deferred charges	23,250	29,330	-	52,580	-
Total current assets	<u>3,323,640</u>	<u>1,218,989</u>	<u>723,356</u>	<u>5,265,985</u>	<u>5,121,606</u>
<b>Noncurrent assets</b>					
Restricted cash and investments	114,442	-	-	114,442	-
Capital assets not being depreciated:					
Land	1	-	1,131,761	1,131,762	-
Construction in progress	31,789	13,175	92,092	137,056	53,034
Capital assets being depreciated:					
Buildings	11,951,110	3,159,338	1,583,723	16,694,171	4,910,357
Improvements other than buildings	264,383	1,175,910	3,872,909	5,313,202	1,935,226
Machinery and equipment	2,378,166	77,680	-	2,455,846	10,199,397
Less: accumulated depreciation	<u>(9,626,574)</u>	<u>(124,049)</u>	<u>(2,770,412)</u>	<u>(12,521,035)</u>	<u>(10,026,735)</u>
Total capital assets	<u>4,998,875</u>	<u>4,302,054</u>	<u>3,910,073</u>	<u>13,211,002</u>	<u>7,071,279</u>
Total noncurrent assets	<u>5,113,317</u>	<u>4,302,054</u>	<u>3,910,073</u>	<u>13,325,444</u>	<u>7,071,279</u>
Total assets	<u>8,436,957</u>	<u>5,521,043</u>	<u>4,633,429</u>	<u>18,591,429</u>	<u>12,192,885</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and other current liabilities	682,397	56,986	31,117	770,500	694,837
Accrued interest payable	11,677	9,617	-	21,294	-
Due to other funds	-	-	-	-	1,032,355
Unearned revenue	38,972	181,883	972	221,827	-
Deposits	52,510	10,000	-	62,510	-
Compensated absences	300,551	-	-	300,551	-
Current maturities on bonds payable	375,702	215,654	-	591,356	15,382
Total current liabilities	<u>1,461,809</u>	<u>474,140</u>	<u>32,089</u>	<u>1,968,038</u>	<u>1,742,574</u>
<b>Noncurrent liabilities</b>					
Long term maturities on bonds payable	2,543,358	4,796,396	-	7,339,754	101,705
Total liabilities	<u>4,005,167</u>	<u>5,270,536</u>	<u>32,089</u>	<u>9,307,792</u>	<u>1,844,279</u>
<b>NET POSITION</b>					
Net investment in capital assets	2,696,505	(152,439)	3,910,073	6,454,139	6,954,192
Unrestricted	1,735,285	402,946	691,267	2,829,498	3,394,414
Total net position	<u>\$ 4,431,790</u>	<u>\$ 250,507</u>	<u>\$ 4,601,340</u>	<u>\$ 9,283,637</u>	<u>\$ 10,348,606</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION - PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2012**

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities
	Ridgewood Healthcare Center	Reefpoint Marina	Nonmajor Enterprise Funds		Internal Service Funds
<b>OPERATING REVENUES</b>					
Resident charges for services	\$ 16,129,187	\$ 1,365,888	\$ 313,442	\$ 17,808,517	\$ -
Highway charges and fees	-	-	-	-	9,025,115
Other	24,749	65,686	1,542	91,977	67,767
Total operating revenues	<u>16,153,936</u>	<u>1,431,574</u>	<u>314,984</u>	<u>17,900,494</u>	<u>9,092,882</u>
<b>OPERATING EXPENSES</b>					
Resident services	10,241,740	-	-	10,241,740	-
Operations and maintenance	1,343,117	974,130	7,899	2,325,146	-
Administration	4,299,958	-	-	4,299,958	-
Highway maintenance	-	-	-	-	8,401,214
Other	569,644	-	-	569,644	-
Depreciation	551,044	124,049	254,652	929,745	616,175
Total operating expenses	<u>17,005,503</u>	<u>1,098,179</u>	<u>262,551</u>	<u>18,366,233</u>	<u>9,017,389</u>
Operating income (loss)	<u>(851,567)</u>	<u>333,395</u>	<u>52,433</u>	<u>(465,739)</u>	<u>75,493</u>
<b>NONOPERATING REVENUES (EXPENSE)</b>					
Interest income	67	-	-	67	-
Interest expense	(124,560)	(82,223)	-	(206,783)	(3,491)
Amortization expense	(20,691)	(665)	-	(21,356)	-
Loss on disposal of capital assets	-	-	-	-	(35,757)
Total nonoperating revenue (expense)	<u>(145,184)</u>	<u>(82,888)</u>	<u>-</u>	<u>(228,072)</u>	<u>(39,248)</u>
Income (loss) before transfers	<u>(996,751)</u>	<u>250,507</u>	<u>52,433</u>	<u>(693,811)</u>	<u>36,245</u>
<b>TRANSFERS</b>					
Transfers in	1,219,356	-	-	1,219,356	1,153,026
Transfers out	(86,000)	-	-	(86,000)	(985,749)
Total net transfers	<u>1,133,356</u>	<u>-</u>	<u>-</u>	<u>1,133,356</u>	<u>167,277</u>
Change in net position	136,605	250,507	52,433	439,545	203,522
<b>NET POSITION</b>					
Beginning of year	<u>4,295,185</u>	<u>-</u>	<u>4,548,907</u>	<u>8,844,092</u>	<u>10,145,084</u>
End of year	<u>\$ 4,431,790</u>	<u>\$ 250,507</u>	<u>\$ 4,601,340</u>	<u>\$ 9,283,637</u>	<u>\$ 10,348,606</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended December 31, 2012

	Business-type Activities - Enterprise Funds			Totals	Governmental Activities
	Ridgewood Healthcare Center	Reefpoint Marina	Nonmajor Enterprise Funds		Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers and users	\$ 16,084,471	\$ 1,613,457	\$ 317,742	\$ 18,015,670	\$ 4,792,213
Received from interfund services provided	412,860	-	-	412,860	6,809,450
Paid for interfund services provided	-	(1,186,157)	(132,050)	(1,318,207)	(3,284,557)
Paid to suppliers	(9,959,451)	(910,646)	12,745	(10,857,352)	(2,555,771)
Paid to employees	(6,698,003)	-	(70)	(6,698,073)	(4,775,898)
Net cash from operating activities	<u>(160,123)</u>	<u>(483,346)</u>	<u>198,367</u>	<u>(445,102)</u>	<u>985,437</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interest income	67	-	-	67	-
Transfers in	1,219,356	-	-	1,219,356	1,153,026
Transfers out	(86,000)	-	-	(86,000)	(985,749)
Net cash from noncapital financing activities	<u>1,133,423</u>	<u>-</u>	<u>-</u>	<u>1,133,423</u>	<u>167,277</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	(342,066)	(4,426,103)	(197,483)	(4,965,652)	(1,164,945)
Proceeds from sale of capital assets	-	-	-	-	59,075
Proceeds of debt issued	-	5,000,000	-	5,000,000	117,087
Premium on debt issued	-	12,050	-	12,050	-
Principal paid on capital debt	(603,898)	-	-	(603,898)	(160,440)
Interest paid on capital debt	(50,649)	(102,601)	-	(153,250)	(3,491)
Net cash from capital and related financing activities	<u>(996,613)</u>	<u>483,346</u>	<u>(197,483)</u>	<u>(710,750)</u>	<u>(1,152,714)</u>
Net increase (decrease) in cash and cash equivalents	(23,313)	-	884	(22,429)	-
<b>CASH AND CASH EQUIVALENTS</b>					
Beginning of year	<u>140,755</u>	<u>-</u>	<u>468,210</u>	<u>608,965</u>	<u>700</u>
End of year	<u>\$ 117,442</u>	<u>\$ -</u>	<u>\$ 469,094</u>	<u>\$ 586,536</u>	<u>\$ 700</u>

The accompanying notes are an integral part of this statement.



	Business-type Activities - Enterprise Funds				Governmental Activities
	Ridgewood Healthcare Center	Reefpoint Marina	Nonmajor Enterprise Funds	Totals	Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (851,567)	\$ 333,395	\$ 52,433	\$ (465,739)	\$ 75,493
Adjustments to reconcile to net cash provided by (used in) operating activities:					
Depreciation	551,044	124,049	254,652	929,745	616,175
Bad debt expense	7,783	-	-	7,783	-
Changes in assets and liabilities:					
Receivables	(116,220)	-	1,786	(114,434)	(226,108)
Due from other funds	412,860	(1,186,157)	(132,050)	(905,347)	323,290
Inventories	(37,951)	-	-	(37,951)	(75,080)
Prepaid items	(64,283)	(3,502)	(546)	(68,331)	(595)
Due to other funds	-	-	-	-	250,842
Accounts payable	(66,201)	56,986	21,120	11,905	14,004
Unearned revenue	38,972	181,883	972	221,827	-
Other liabilities	(34,560)	10,000	-	(24,560)	7,416
Net cash from operating activities	<u>\$ (160,123)</u>	<u>\$ (483,346)</u>	<u>\$ 198,367</u>	<u>\$ (445,102)</u>	<u>\$ 985,437</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS</b>					
Unrestricted cash and cash equivalents	\$ 3,000	\$ -	\$ 469,094	\$ 472,094	\$ 700
Restricted cash and cash equivalents	<u>114,442</u>	<u>-</u>	<u>-</u>	<u>114,442</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<u>\$ 117,442</u>	<u>\$ -</u>	<u>\$ 469,094</u>	<u>\$ 586,536</u>	<u>\$ 700</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS**  
**As of December 31, 2012**

	<b>Total Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,197,502
Receivables:	
Delinquent property taxes	322,562
Other	492,626
Total assets	\$ 5,012,690
 <b>LIABILITIES</b>	
Accounts payable	\$ 72,697
Agency deposits	4,939,993
Total liabilities	\$ 5,012,690

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**

**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2012

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# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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) the primary government may be financially accountable if an organization is fiscally dependent on the primary government. The County has determined the Housing Authority of Racine County is a related organization based on parameters of GASB Statement No 61 –The Financial Reporting Entity Omnibus.

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.

#### *Related Organization*

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

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

In June 2011, the GASB issued statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards did not include guidance for these elements, which are distinct from assets and liabilities. The County made the decision to implement this standard effective January 1, 2013.

##### *Government-wide Financial Statements*

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

##### *Fund Financial Statements*

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

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### *Fund Financial Statements (continued)*

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

The County reports the following nonmajor funds:

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

- Road Maintenance
- County Handicapped Education
- County Bridge Aids

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

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

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

- Golf Courses
- Behavioral Health Services

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### *Fund Financial Statements (continued)*

Additionally, the County reports the following fund types:

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

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

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

#### *Government-wide Financial Statements*

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

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the 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 90 days of the end of the current fiscal period, with the exception of revenues related to property taxes which are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, including other postemployment benefits, and claims and judgments, are recorded only when payment is due.

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

##### *Fund Financial Statements (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 County.

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 proprietary funds distinguish operating revenues and expenses from non-operating items.

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



# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### 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 Position or Fund Equity

##### *1. Cash and investments*

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

##### 1. Cash and investments (continued)

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. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Statutes Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2012 the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III.A for further information.

##### 2. Receivables

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.

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

##### *2. Receivables (continued)*

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

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

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

##### *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. Prepaid items are accounted for using the consumption method.

##### *4. Restricted assets*

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

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### D. Assets, Liabilities, and Net Position 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, dams and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets other than infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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. No net interest was capitalized during the current year.

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 and other improvements	20
Infrastructure	30-50
Machinery and equipment	5-10
Vehicles	3-10

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### D. Assets, Liabilities, and Net Position 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 County'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 County has a policy to pay partial amounts when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only if they have matured, for example, as a result of employee resignations and retirements. Payments for accumulated vacation will be made at rates in effect when the benefits are used or paid out upon separation. For governmental activities, the compensated absences are generally liquidated by the General Fund.

##### 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*

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, other postemployment benefits and accrued compensated absences. Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

##### 8. Long-term obligations (continued)

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

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

The County may approve the issuance of industrial revenue bonds (IRB) for the benefit of private business enterprises. IRB's are secured by mortgages or revenue agreements on the associated project, and do not constitute indebtedness of the County. There were no IRB's outstanding at year-end.

##### 9. Claims and Judgments

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

##### 10. Equity Classifications

#### **Government-wide Financial Statements**

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

- a. Net investment in capital assets – 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 position – Consists of net positions 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 position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

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

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

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

##### 10. Equity Classifications (continued)

##### Fund Financial Statements

In the governmental fund financial statements, fund balance is comprised of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The governmental fund types classify fund balances as follows:

- a. Non-spendable – Consists of amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted – Consists of fund balances with constraints placed on their use by either 1) external groups, such as creditors, grantors, contributors, or laws and regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Committed – Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County Board. The board is the County's highest level of decision-making authority and can, by adoption of ordinance or resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation.
- d. Assigned – Consists of fund balances that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The County Board has the authority to assign fund balance. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified in one of the above categories.
- e. Unassigned – Consists of residual positive fund balance within the general fund which has not been classified within the above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

When committed, assigned, and unassigned resources are available for use, it is the County's policy to use committed resources first, then assigned resources, then unassigned resources as they are needed.

The County has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 16% to 25% of the next fiscal year's budgeted operating expenditures as general fund unrestricted fund balance. The balance at year end was \$29,500,862, or 21%, and is included in unassigned and committed general fund balance.

**COUNTY OF RACINE, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2012

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**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgets and Budgetary Accounting**

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

The County amends the adopted budget for funds encumbered for specific purposes from previous periods. These funds are authorized for specific purposes as restricted by County Board resolution or grantor agency regulation. The County's 2012 adopted budget was increased for the following:

General Fund	\$5,852,770
Human Services Fund	2,148,950

**B. Excess of Expenditures over Appropriations**

The following funds had excess expenditures over appropriations which were financed by available fund balance:

County Road Maintenance	\$ 738,867
Debt Service Fund	8,454,969
Capital Projects Fund	23,625

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

As part of Wisconsin's State Budget Bill (1993 Act 16), new legislation was passed that limits the county's future tax levy rates. Generally, the county is limited to its 1992 tax levy rate, based upon current legislation (State Statutes 59.605(2)). However, this limitation does not affect debt authorized prior to August 12, 1993 or refunding bonds.

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



## COUNTY OF RACINE, WISCONSIN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

##### C. Limitations on the County's Tax Levy Rate and its Ability to Issue New Debt (continued)

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

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

As part of Wisconsin's Act 32 (2011), legislation was passed that temporarily suspends this limit for the county's levy imposed in December 2011 and December 2012.

##### D. Deficit Fund Balance

The Fringe Benefits Internal Service Fund had a deficit fund balance of \$123,728 as of December 31, 2012. The County will review future rates and make rate adjustments as necessary to cover the deficit.

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### III. DETAILED NOTES ON ALL FUNDS

#### A. Cash and Investments

The County had the following deposits and investments as of December 31, 2012.

Petty cash	\$ 7,565
Demand deposits	12,104,382
Corporate Bonds	7,093,330
Asset Backed Securities	2,723,922
Mortgage Bonds	3,286,329
Municipal Securities	743,352
U.S. Government Agency Securities	4,803,128
U.S. Treasury Bonds and Notes	11,035,215
Local Government Investment Pool	11,167,504
Total	<u>\$52,964,727</u>

Reconciliation to the financial statements	
Per statement of net assets	
Unrestricted cash and investments	\$ 47,932,325
Restricted cash and investments	834,900
Per statement of fiduciary net assets	
Agency Funds	4,197,502
Total Cash and Investments	<u>\$ 52,964,727</u>

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for interest-bearing demand deposit accounts and unlimited amounts for noninterest-bearing transaction accounts through December 31, 2012. On January 1, 2013, the temporary unlimited coverage for noninterest-bearing transaction accounts expired. Therefore, demand deposit accounts (interest-bearing and noninterest-bearing) are insured for a total of \$250,000 beginning January 1, 2013. In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the 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.

The County maintains a collateral agreement with its bank. At December 31, 2012, the bank had pledged government treasuries in the amount of \$12,780,837 to secure the County's deposits.

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### A. Cash 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, 2012, 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, 2012, the County's following investments were held by the counterparty in the County's name.

	<b>Fair Value</b>
Corporate Bonds	\$ 7,093,330
Asset Backed Securities	2,723,922
Mortgage Bonds	3,286,329
Municipal Securities	743,352
U.S. Government Agency Securities	4,803,128
U.S. Treasury Bonds and Notes	11,035,215
Total	<u>\$ 29,685,276</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 As of and for the Year Ended December 31, 2012

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

#### A. Cash and Investments (continued)

##### *Interest Rate Risk (continued)*

The following is a summary of investments by maturity:

	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1 - 2 years</u>	<u>2 - 3 years</u>	<u>3 - 5 years</u>
Corporate Bonds	\$ 7,093,330	\$ 1,749,112	\$ 2,134,793	\$ 1,256,840	\$ 1,952,585
Asset Backed Securities	2,723,922	25,177	350,687	147,197	2,200,861
Mortgage Bonds	3,286,329	-	-	-	3,286,329
Municipal Securities	743,352	7,966	-	339,174	396,212
U.S. Government Agency Securities	4,803,128	1,699,891	374,108	800,088	1,929,041
U.S. Treasury Bonds and Notes	11,035,215	2,571,431	2,461,913	3,141,541	2,860,330
	<u>\$ 29,685,276</u>	<u>\$ 6,053,577</u>	<u>\$ 5,321,501</u>	<u>\$ 5,684,840</u>	<u>\$ 12,625,358</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.

**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

*Credit Risk (continued)*

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, 2012, the County's investments were rated by Moody's Investors Service as follows:

	<b>Fair Value</b>	<b>Average Moody's Rating</b>
Corporate Bonds	\$ 494,056	Aaa
Corporate Bonds	549,852	Aa1
Corporate Bonds	1,843,413	Aa2
Corporate Bonds	1,669,328	Aa3
Corporate Bonds	1,364,685	A1
Corporate Bonds	977,928	A2
Corporate Bonds	194,068	Not Rated
Asset Backed Securities	2,502,816	Aaa
Asset Backed Securities	221,106	Not Rated
Mortgage Bonds	3,274,360	Aaa
Mortgage Bonds	11,969	Not Rated
Municipal Securities	396,212	Aa1
Municipal Securities	347,140	Not Rated
U.S. Government Agency Securities	3,921,245	Aaa
U.S. Government Agency Securities	580,710	A2
U.S. Government Agency Securities	301,173	Not Rated
U.S. Treasury Bonds and Notes	10,937,787	Aaa
U.S. Treasury Bonds and Notes	97,428	Not Rated
Local Government Investment Pool	11,167,504	Not Rated

*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  
As of and for the Year Ended December 31, 2012

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

**B. Receivables**

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

*Delinquent Taxes*

Delinquent property taxes purchased from other taxing districts are reflected as nonspendable fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available for current expenditures and are therefore excluded from nonspendable fund balances. Delinquent property taxes levied by the County are reflected as deferred revenue and are excluded from the fund balance until collected. At December 31, 2012, delinquent property taxes for governmental funds by year levied consists of the following:

	<u>Total</u>	<u>County Levied</u>	<u>County Purchased</u>
Tax certificates			
2011	\$ 5,953,775	\$ 833,528	\$ 5,120,247
2010	3,090,843	432,718	2,658,125
2009	1,453,979	203,557	1,250,422
2008	559,035	83,855	475,180
2007	239,744	35,962	203,782
2006 and prior	217,252	32,851	184,401
Tax deeds	<u>2,869,811</u>	<u>16,774</u>	<u>2,853,037</u>
 Total Delinquent Property Taxes Receivable	 14,384,439	 1,639,245	 12,745,194
 Less Allowance	 <u>(275,879)</u>	 <u>(30,785)</u>	 <u>(245,094)</u>
 Net Delinquent Property Taxes Receivable	 <u>\$ 14,108,560</u>	 <u>\$ 1,608,460</u>	 <u>\$ 12,500,100</u>

*Patient Accounts*

Receivables from patients are shown net of an allowance for uncollectible accounts of \$142,736 at December 31, 2012. 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 As of and for the Year Ended December 31, 2012

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

#### B. Receivables (continued)

##### *Loan to the Wisconsin Women's Business Initiative Corporation*

In September 2008, the County loaned the Wisconsin Women's Business Initiative Corporation \$250,000 for lending to business within Racine County for business development purposes. The note is for a 18-year term at 2.0% interest.

##### *Loan to the Racine County Board of Drainage Commissioners*

In November 2009, the County loaned the Racine County Board of Drainage Commissioners (RCBDC) \$300,000 for preparing specifications for the Norway/Dover Drainage District as mandated under the Wisconsin Administrative code. The original note was for a two year term at 1.5% interest and due on November 1, 2011.

During 2011 the note was extended for a one-year term at 0.5% interest. In November 2012 an additional \$50,000 was loaned to RCBDC and the entire note was extended an additional five months and becomes payable on April 1, 2013.

##### *Loan to SEDA North America, Inc.*

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

##### *Deferred Revenue*

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	\$ -	\$ 51,011,985	\$ 51,011,985
Delinquent property taxes receivable	1,608,460	-	1,608,460
Delinquent property taxes interest	4,839,713	-	4,839,713
Other deferred revenue	<u>203,000</u>	<u>536,796</u>	<u>739,796</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 6,651,173</u>	<u>\$ 51,548,781</u>	<u>\$ 58,199,954</u>

**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 21,557,055	\$ 255,400	\$ -	\$ 21,812,455
Construction in progress	3,470,717	4,124,951	(806,537)	6,789,131
Total capital assets, not being depreciated	<u>25,027,772</u>	<u>4,380,351</u>	<u>(806,537)</u>	<u>28,601,586</u>
Capital assets, being depreciated:				
Buildings	66,259,898	902,646	(6,809)	67,155,735
Improvements other than buildings	11,109,264	325,550	-	11,434,814
Machinery and equipment	25,975,896	1,448,550	(783,231)	26,641,215
Infrastructure	36,727,234	2,799,315	-	39,526,549
Total capital assets, being depreciated	<u>140,072,292</u>	<u>5,476,061</u>	<u>(790,040)</u>	<u>144,758,313</u>
Less accumulated depreciation for:				
Buildings	(25,947,552)	(1,470,272)	5,788	(27,412,036)
Improvements other than buildings	(5,218,433)	(453,166)	-	(5,671,599)
Machinery and equipment	(18,106,447)	(2,124,046)	682,801	(19,547,692)
Infrastructure	(11,890,826)	(1,350,264)	-	(13,241,090)
Total accumulated depreciation	<u>(61,163,258)</u>	<u>(5,397,748)</u>	<u>688,589</u>	<u>(65,872,417)</u>
Total capital assets being depreciated, net	<u>78,909,034</u>	<u>78,313</u>	<u>(101,451)</u>	<u>78,885,896</u>
Total capital assets, net	<u>\$ 103,936,806</u>	<u>\$ 4,458,664</u>	<u>\$ (907,988)</u>	<u>\$ 107,487,482</u>



**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

**C. Capital Assets (continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,131,762	\$ -	\$ -	\$ 1,131,762
Construction in progress	113,047	137,056	(113,047)	137,056
Total capital assets, not being depreciated	<u>1,244,809</u>	<u>137,056</u>	<u>(113,047)</u>	<u>1,268,818</u>
Capital assets, being depreciated:				
Buildings	13,322,578	3,374,120	(2,527)	16,694,171
Improvements other than buildings	3,907,429	1,405,773	-	5,313,202
Machinery and equipment	2,293,865	161,981	-	2,455,846
Total capital assets, being depreciated	<u>19,523,872</u>	<u>4,941,874</u>	<u>(2,527)</u>	<u>24,463,219</u>
Less accumulated depreciation for:				
Buildings	(7,569,753)	(563,060)	2,295	(8,130,518)
Improvements other than buildings	(2,173,686)	(256,240)	-	(2,429,926)
Machinery and equipment	(1,850,146)	(110,445)	-	(1,960,591)
Total accumulated depreciation	<u>(11,593,585)</u>	<u>(929,745)</u>	<u>2,295</u>	<u>(12,521,035)</u>
Total capital assets being depreciated, net	<u>7,930,287</u>	<u>4,012,129</u>	<u>(232)</u>	<u>11,942,184</u>
Total capital assets, net	<u>\$ 9,175,096</u>	<u>\$ 4,149,185</u>	<u>\$ (113,279)</u>	<u>\$ 13,211,002</u>

**COUNTY OF RACINE, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2012

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**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	\$ 333,591
Public safety	2,291,482
Health and social services	424,540
Education and recreation	387,750
Highways and streets	1,960,385

Total depreciation expenses - governmental activities \$ 5,397,748

**Business-type activities:**

Ridgewood Healthcare Center	\$ 551,044
Reefpoint Marina	124,049
Golf Courses	254,652

Total depreciation expenses - business-type activities \$ 929,745

**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

The composition of interfund balances as of December 31, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 88,646
	Billable Internal Service Fund	1,032,355
		<u>1,121,001</u>
Human Services Fund	General Fund	<u>1,554,978</u>
Ridgewood Healthcare Center	General Fund	<u>460,910</u>
Reefpoint Marina	General Fund	<u>1,186,157</u>
Golf Courses	General Fund	<u>243,893</u>
Behavioral Health Clinic	General Fund	<u>612</u>
Nonmajor Governmental Funds		
County Road Maintenance	General Fund	4,362,246
County Bridge Aid	General Fund	260,036
County Handicapped Education	General Fund	232,828
Capital Projects Fund	General Fund	3,791,057
Permanent Fund	General Fund	80,000
		<u>8,726,167</u>
Internal Service Funds		
Fringe Benefits Internal Service	General Fund	163,924
Fleet Internal Service	General Fund	3,290,667
		<u>3,454,591</u>
Total transfers from other funds		16,748,309
Less fund eliminations		<u>(14,856,737)</u>
Total Interfund Balances - Government-Wide Statement of Net Position		<u>\$ 1,891,572</u>

The principal purpose of these interfunds is to provide funding for specific fund operations since the County reports all operating cash accounts in the general fund and does not have pooled cash accounts reported in other individual funds. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All amounts are expected to be collected within one year. For the statement of net position, 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  
As of and for the Year Ended December 31, 2012

**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	\$ 1,191,729
	Fringe Benefits Internal Service Fund	79,000
	Fleet	55,000
	Ridgewood Healthcare Center	28,572
		<u>1,354,301</u>
Human Services Fund	General Fund	6,075,036
	Capital Projects Fund	1,076
		<u>6,076,112</u>
Ridgewood Healthcare Center	General Fund	136,920
	Debt Service Fund	661,887
	Capital Projects Fund	200,110
	Fleet Internal Service Fund	220,439
		<u>1,219,356</u>
Debt Service Fund	General Fund	306,675
Debt Service Fund	Capital Projects Fund	53,475
Debt Service Fund	Ridgewood Healthcare Center	57,428
Debt Service Fund	Fleet Internal Service Fund	1,749
		<u>419,327</u>
Nonmajor Governmental Funds		
County Road Maintenance	General Fund	2,094,791
County Road Maintenance	Capital Projects Fund	1,726,250
County Road Maintenance	Fleet Internal Service Fund	165,000
Capital Projects Fund	General Fund	515,387
Capital Projects Fund	Human Services Fund	457,000
Capital Projects Fund	Fleet Internal Service Fund	314,561
		<u>5,272,989</u>
Internal Service Funds		
Fringe Benefits Internal Service	Fleet Internal Service Fund	150,000
Fleet Internal Service	General Fund	77,070
Fleet Internal Service	Human Services Fund	67,298
Fleet Internal Service	Debt Service Fund	48,593
Fleet Internal Service	County Road Maintenance	275,065
Fleet Internal Service	Capital Projects Fund	535,000
		<u>1,153,026</u>
Total transfers from other funds		15,495,111
Less fund eliminations		<u>(14,361,755)</u>
Total Interfund Transfers - Government-Wide Statement of Net Position		<u>\$ 1,133,356</u>

**COUNTY OF RACINE, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2012

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

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

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

**E. Long-term Debt**

Long-term liability activity for the year ended December 31, 2012, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due within One Year</b>
<b>Governmental activities:</b>					
General obligation debt:					
Notes payable	\$ 23,324,197	\$ 14,564,499	\$ 3,294,197	\$ 34,594,499	\$ 3,926,513
Bonds payable	16,115,000	-	785,000	15,330,000	815,000
State trust fund loans payable	43,302	-	43,302	-	-
Taxable bonds payable	8,705,000	-	8,705,000	-	-
Total general obligation debt	48,187,499	14,564,499	12,827,499	49,924,499	4,741,513
Unamortized bond premium (discount)	103,753	73,784	(27,151)	204,688	23,316
Unamortized loss on refunding	(126,877)	-	15,860	(111,017)	(15,860)
Net general obligation debt	48,164,375	14,638,283	12,816,208	50,018,170	4,748,969
Compensated absences	2,969,323	2,899,973	3,128,230	2,741,066	2,741,066
Net OPEB liability	69,405,392	16,228,094	7,511,069	78,122,417	-
Claims and judgments	4,170,802	1,852,498	2,520,039	3,503,261	375,848
Governmental activities Long-term liabilities	<u>\$ 124,709,892</u>	<u>\$ 35,618,848</u>	<u>\$ 25,975,546</u>	<u>\$ 134,384,914</u>	<u>\$ 7,865,883</u>
<b>Business type activities:</b>					
General obligation debt:					
Bonds Payable:	\$ 2,725,000	\$ 5,000,000	\$ 295,000	\$ 7,430,000	\$ 525,000
Notes payable	870,800	635,501	870,800	635,501	83,487
Total general obligation debt	3,595,800	5,635,501	1,165,800	8,065,501	608,487
Unamortized bond premium (discount)	-	12,513	463	12,050	654
Unamortized loss on refunding	(164,224)	-	17,783	(146,441)	(17,785)
Net general obligation debt	3,431,576	5,648,014	1,184,046	7,931,110	591,356
Compensated absences	319,265	299,577	318,291	300,551	300,551
Business-type activities Long-term liabilities	<u>\$ 3,750,841</u>	<u>\$ 5,947,591</u>	<u>\$ 1,502,337</u>	<u>\$ 8,231,661</u>	<u>\$ 891,907</u>

**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**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:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 4,741,513	\$ 1,484,439	\$ 608,487	\$ 216,491
2014	4,916,201	1,368,744	623,799	199,081
2015	5,141,107	1,241,570	613,893	181,029
2016	5,289,845	1,099,411	625,155	162,447
2017	5,153,599	450,301	646,401	143,043
2018-2022	19,267,234	2,802,087	2,297,766	464,584
2023-2027	5,415,000	772,313	1,390,000	268,781
2028-2031	-	-	1,260,000	75,563
Total	<u>\$ 49,924,499</u>	<u>\$ 9,218,864</u>	<u>\$ 8,065,501</u>	<u>\$ 1,711,019</u>

The detail of the general obligation debt is as follows:

	<u>Date of issue</u>	<u>Interest rates</u>	<u>Original Amount</u>	<u>Balance 12/31/12</u>
General Obligation Notes				
Series 2005	5/1/2005	3.45%-3.75%	\$ 1,700,000	\$ 430,000
Series 2006	7/18/2006	4.35%-5.00%	2,065,000	1,025,000
Series 2007	6/7/2007	3.85%	2,155,000	1,290,000
Series 2008	6/17/2008	3.00% - 3.75%	3,795,000	2,585,000
Series 2011	4/12/2011	1.5%-2.75%	6,560,000	5,995,000
Series 2012	4/17/2012	1.0%-2.1%	5,000,000	5,000,000
Taxable General Obligation Notes				
Series 2009	9/15/2009	1.70% - 4.65%	4,335,000	3,985,000
Series 2010A	8/3/2010	3.00%-3.75%	2,780,000	2,580,000
Series 2010B	8/3/2010	3.50%-4.25%	2,140,000	2,140,000
Series 2012	4/17/2012	0.45%-3.00%	10,200,000	10,200,000
Series 2005 General Obligation Refunding Bonds	4/15/2005	3.00%-4.10%	5,935,000	2,430,000
Series 2006 General Obligation Bonds	3/15/2006	4.00%-4.50%	18,970,000	15,330,000
Series 2012 General Obligation Marina Bonds	4/17/2012	3.00%-4.10%	5,000,000	5,000,000
Total General Obligation debt				57,990,000
Less amount applicable to business-type activities				(8,065,501)
Governmental activities General Obligation debt				<u>\$ 49,924,499</u>

**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

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

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

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, 2012, the County's debt margin and legal debt limit is calculated as follows:

Equalized Value of Real and Personal Property	\$ 14,116,994,900
	<u>5%</u>
Debt Limit, 5% of Equalized Valuation	<u>705,849,745</u>
Amount of Debt Applicable to Debt Limitation:	
General Obligation Debt	\$ 57,990,000
Less Debt Service Funds	<u>(400,582)</u>
Total Amount of Debt Applicable to Debt Margin	<u>57,589,418</u>
Legal Debt Margin (Debt Capacity)	<u>\$ 648,260,327</u>

***Current Refunding***

On April 17, 2012, the County issued \$10,200,000 in taxable general obligation promissory notes with an average interest rate of 1.76% to current refund \$9,395,000 of outstanding taxable general obligation notes with an average interest rate of 4.46%. The net proceeds of \$10,165,417 (after payment of \$34,583 in underwriting fees, insurance and other issuance costs) plus an additional \$306,000 of sinking fund monies were used to prepay the outstanding debt service requirements on the old notes.

The cash flow requirements on the refunded bonds and notes prior to the advance refunding was \$12,113,644 from 2013 through 2022. The cash flow requirements on the refunding bonds are \$11,399,221 from 2012 through 2022. The advance refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt of \$1,477,014.

**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

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

**F. Net Position/Fund Balances**

*Net Position*

The calculation of net position as of December 31, 2012 is as follows:

**Governmental Activities**

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 107,487,482
Less: outstanding long term debt (net of debt premiums and discounts)	(50,018,170)
Plus: noncapital related long term debt	9,260,000
Plus: unspent bond proceeds	<u>3,571,829</u>
Total net investment in capital assets	<u>70,301,141</u>
Restricted	
For recreational land acquisition	311,936
For endowments	
Expendable	222,141
Nonexpendable	264,246
Debt service	<u>66,024</u>
Total restricted net position	<u>864,347</u>
Unrestricted	<u>(30,922,432)</u>
Total net position	<u><u>\$ 40,243,056</u></u>

**Business-type Activities**

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 13,211,002
Less: outstanding long term debt (net of debt premiums and discounts)	(7,931,110)
Plus: unspent bond proceeds	<u>1,174,247</u>
Total net investment in capital assets	<u>6,454,139</u>
Unrestricted	<u>2,829,498</u>
Total net position	<u><u>\$ 9,283,637</u></u>



# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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

#### F. Net Position/Fund Balances (continued)

##### *Fund Balances*

The details of the fund balances as of December 31, 2012 are as follows:

##### **Nonspendable**

Major Funds	
General Fund	
Delinquent property taxes	\$ 12,500,099
Prepayments and inventories	804,050
Noncurrent receivables	<u>2,600,000</u>
	<u>15,904,149</u>
Special Revenue Fund - Human Services Fund	
Prepayments and inventories	<u>12,385</u>
Nonmajor Fund	
Special Revenue Fund - Permanent Fund	
Endowments	<u>264,246</u>
Total nonspendable fund balance	<u>16,180,780</u>

##### **Restricted**

Major Funds	
General Fund - Recreational land acquisition	311,936
Debt Service Fund - Debt service	400,582
Nonmajor Fund	
Special Revenue Fund - Permanent fund endowments	<u>222,141</u>
Total restricted fund balance	<u>934,659</u>

##### **Committed**

Major Fund	
General Fund - Subsequent years' expenditures	14,307,806
Nonmajor Funds	
Special Revenue Fund - County Road Maintenance	1,759,863
Special Revenue Fund - County Handicapped Board	232,828
Special Revenue Fund - County Bridge Aids	260,036
Capital Projects Fund - Capital Projects	3,073,087
Special Revenue Fund - Permanent Fund	<u>2,135</u>
Total committed fund balance	<u>19,635,755</u>

##### **Assigned**

Major Fund	2,351,421
Special Revenue Fund - Human Services Fund	
Nonmajor Funds	
Special Revenue Fund - County Road Maintenance	2,252,020
Capital Projects Fund - Capital Projects	<u>542,157</u>
Total assigned fund balance	<u>5,145,598</u>

##### **Unassigned**

Major Fund	
General Fund	<u>15,193,056</u>
Total fund balance	<u>\$ 57,089,848</u>

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### IV. OTHER INFORMATION

#### A. Claims and Other Legal Proceedings

From time to time, the County is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, management and the County's corporate counsel has determined an amount for estimated liabilities resulting from existing claims and judgments which has been recorded in the government-wide statement of net position.

#### B. Intergovernmental Grants

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

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

#### C. 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.

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### IV. OTHER INFORMATION (CONTINUED)

#### C. Risk Management (continued)

##### *Workers' Compensation and Public Liability Self Insurance (continued)*

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The liability for claims and judgments other than health insurance is reported in the government-wide statement of net position. Changes in the claims liabilities for the year are as follows:

	<u>2012</u>	<u>2011</u>
Unpaid claims - beginning	\$ 4,170,802	\$ 3,398,427
Incurred claims	1,852,498	2,196,441
Claims paid	<u>(2,520,039)</u>	<u>(1,424,066)</u>
Unpaid claims - ending	<u>\$ 3,503,261</u>	<u>\$ 4,170,802</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 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>2012</u>	<u>2011</u>
Unpaid claims - beginning	\$ 1,954,698	\$ 1,624,100
Incurred claims	14,702,384	13,811,273
Claims paid	<u>(14,802,880)</u>	<u>(13,480,675)</u>
Unpaid claims - ending	<u>\$ 1,854,202</u>	<u>\$ 1,954,698</u>

#### D. Defined Benefit Pension Plans

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS. Note: Employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

### IV. OTHER INFORMATION (CONTINUED)

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

Prior to June 29, 2011, covered employees in the General category, including Teachers were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement. Contribution rates for 2012 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	5.9%	5.9%
Executives & Elected Officials	7.05%	7.05%
Protective with Social Security	5.9%	9.0%
Protective without Social Security	5.9%	11.3%

The payroll for County employees covered by the WRS for the year ended December 31, 2012 was \$39,278,959; the employer's total payroll was \$40,495,547. The total required contribution for the year ended December 31, 2012 was \$4,927,432, which consisted of \$2,605,294, or 6.6% of payroll from the employer and \$2,322,138, or 5.9% of payroll from employees. Total contributions for the years ending December 31, 2011 and 2010 were \$5,099,873 and \$4,726,487, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest years' earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998 and prior to July 1, 2011 are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes.

## COUNTY OF RACINE, WISCONSIN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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#### IV. OTHER INFORMATION (CONTINUED)

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

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.

##### E. Other Post Employment Benefits

###### *Plan Description*

The County administers a single-employer defined benefit retiree healthcare plan. The plan provides medical insurance benefits to eligible retirees and their families through the County's self-insured group medical insurance plan, which covers both active and retired members. Eligible retirees also receive a post-employment life insurance benefit of \$750 to \$3,000 based on their employee group at the retirement date. Benefit provisions and eligibility requirements are established through collective bargaining agreements and the County's personnel policy and vary based on the retiree's position, years of service and age at retirement. The plan does not issue a separate financial report.

Membership of the plan consisted of approximately 640 retirees and 710 active plan members at December 31, 2012.

###### *Funding Policy*

Contribution requirements are established through collective bargaining agreements and the County's personnel policies, and may be amended only through negotiations between the County and the union, or for non-union employees pursuant to employment policies adopted by the County Board. Eligibility is based on the following criteria: (1) any current retiree who is eligible and has applied for Wisconsin Retirement System 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 health care premium based on years of service at retirement. The percentage ranges from five percent to fifty percent based on the number of years of service at the retirement date.

The County funds these post-employment benefits on a pay-as-you-go basis, accordingly no liability is recognized within the fund financial statements. However a liability is recorded for the unfunded liability on the government-wide financial statements on a go forward basis beginning on January 1, 2007 as allowed under GASB Statement No. 45.

###### *Annual OPEB Cost and Net OPEB Obligation*

The County's annual other post-employment 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.

**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2012

**IV. OTHER INFORMATION (CONTINUED)**

**E. Other Post Employment Benefits (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	\$ 16,212,518
Interest on annual required contribution	2,405,162
Adjustment to ARC	<u>(2,389,586)</u>
Annual OPEB cost	16,228,094
Contributions made	<u>(7,511,069)</u>
Increase in net OPEB obligation	8,717,025
Net OPEB obligation - beginning of year	<u>69,405,392</u>
Net OPEB obligation - end of year	<u><u>\$ 78,122,417</u></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, 2012 and the two preceding years were as follows:

	<b>Percentage of</b>		
<b>Year</b>	<b>Annual</b>	<b>Annual OPEB</b>	<b>Net OPEB</b>
<b>Ended</b>	<b>OPEB Cost</b>	<b>Cost Contributed</b>	<b>Obligation</b>
12/31/2010	\$ 25,280,076	30.05%	\$ 60,129,063
12/31/2011	16,228,094	42.84%	69,405,392
12/31/2012	16,228,094	46.28%	78,122,417

*Funded Status and Funding Progress*

As of December 31, 2012, the plan was 0% funded. The actuarial accrued liability for benefits was \$258,502,255 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$258,502,255. The covered payroll (annual payroll of active employees covered by the plan) was \$40,559,419 and the ratio of the UAAL to the covered payroll was 637.34%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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 As of and for the Year Ended December 31, 2012

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#### IV. OTHER INFORMATION (CONTINUED)

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

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

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

###### *Actuarial Methods and Assumptions*

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4 percent rate of return and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to a rate of 5 percent after five years. Both rates include a 4 percent inflation assumption. The actuarial value of the plan assets was not determined because there were no plan assets as of the date of the actuarial valuation. The plan's unfunded actuarial liability is being amortized using the level dollar payment amortization method on an open basis. The amortization period at December 31, 2012 is 30 years.

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, 2010 actuarial valuation report were used for the mortality pre-retirement, post-retirement and post-disability, employee turnover and withdrawal, disablement, and retirement rates. One hundred percent (100%) of future retirees are expected to participate in the County's retiree medical coverage, as of their retirement date for all departments including the Racine County School Office (RCSO). Sixty five percent (65%) 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.

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

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; Statement No. 65, *Items Previously Reported as Assets and Liabilities*; Statement No. 66, *Technical Corrections - 2012* - an amendment of GASB Statements No. 10 and No. 62; Statement No. 67, *Financial Reporting for Pension Plans* - an amendment of GASB Statement No. 25; and Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27. Application of these standards may restate portions of these financial statements.

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2012

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### IV. OTHER INFORMATION (CONTINUED)

#### G. Subsequent Events

On March 19, 2013 the County issued general obligation promissory notes in the amount of \$6,000,000 with interest rates of 2.0% to 3.0%. The notes are being used to finance capital projects pursuant to the County's 2013 adopted budget.

On March 19, 2013 the County issued taxable general obligation promissory notes in the amount of \$1,020,000 with interest rates of 0.5% to 2.59%. The notes are being used to finance the County's revolving loan fund pursuant to the County's 2013 adopted budget.

On March 19, 2013 the County issued general obligation refunding bonds in the amount of \$14,880,000 with interest rates of 2.0% to 4.0%. The bonds are being used to advance and current refund obligations of the County issued in 2006, 2007, and 2008.

#### H. Economic Dependency

Medicaid and Medicare funds represent 86% of the operating revenues of Ridgewood Healthcare Center for 2012.



**REQUIRED SUPPLEMENTARY INFORMATION**

**COUNTY OF RACINE, WISCONSIN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS - OPEB  
For the Year Ended December 31, 2012**

<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>
<b>Primary Government</b>							
Racine County School Office							
12/31/2010	12/31/2009	\$ -	\$ 22,588,251	\$ 22,588,251	0.00%	-	N/A
12/31/2011	12/31/2011	-	13,895,081	13,895,081	0.00%	-	N/A
12/31/2012	12/31/2011	-	13,895,081	13,895,081	0.00%	-	N/A
Other County Departments							
12/31/2010	12/31/2009	\$ -	\$ 317,326,976	\$ 317,326,976	0.00%	\$ 40,777,403	778.19%
12/31/2011	12/31/2011	-	244,607,174	244,607,174	0.00%	42,403,463	576.86%
12/31/2012	12/31/2011	-	244,607,174	244,607,174	0.00%	40,559,419	603.08%
Total Primary Government							
12/31/2010	12/31/2009	\$ -	\$ 339,915,227	\$ 339,915,227	0.00%	\$ 40,777,403	833.59%
12/31/2011	12/31/2011	-	258,502,255	258,502,255	0.00%	42,403,463	609.63%
12/31/2012	12/31/2011	-	258,502,255	258,502,255	0.00%	40,559,419	637.34%

**SUPPLEMENTARY INFORMATION**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

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

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

### **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**  
As of December 31, 2012

	Special Revenue		
	County Road Maintenance	County Handicapped Education	County Bridge Aids
<b>ASSETS</b>			
Receivables:			
Property taxes	\$ -	\$ 669,010	\$ 90,000
Due from other funds	4,362,246	232,828	260,036
Restricted cash and investments	-	-	-
	-	-	-
Total assets	\$ 4,362,246	\$ 901,838	\$ 350,036
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 350,363	\$ -	\$ -
Deferred revenue:			
Current year property tax levy	-	669,010	90,000
Total liabilities	350,363	669,010	90,000
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted for			
Debt service	-	-	-
Endowments	-	-	-
Committed	1,759,863	232,828	260,036
Assigned	2,252,020	-	-
Total fund balances	4,011,883	232,828	260,036
Total liabilities and fund balances	\$ 4,362,246	\$ 901,838	\$ 350,036

<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 759,010
3,791,057	80,000	8,726,167
-	408,522	408,522
<u>\$ 3,791,057</u>	<u>\$ 488,522</u>	<u>\$ 9,893,699</u>
\$ 175,813	\$ -	\$ 526,176
-	-	759,010
<u>175,813</u>	<u>-</u>	<u>1,285,186</u>
-	264,246	264,246
-	-	-
-	222,141	222,141
3,073,087	2,135	5,327,949
542,157	-	2,794,177
<u>3,615,244</u>	<u>488,522</u>	<u>8,608,513</u>
<u>\$ 3,791,057</u>	<u>\$ 488,522</u>	<u>\$ 9,893,699</u>

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2012**

	<b>Special Revenue</b>		
	<b>County Road Maintenance</b>	<b>County Handicapped Education</b>	<b>County Bridge Aids</b>
<b>REVENUES</b>			
Taxes	\$ -	\$ 669,010	\$ 47,250
Intergovernmental	2,402,188	-	-
Investment income	-	-	-
Miscellaneous	260	-	-
	<u>2,402,448</u>	<u>669,010</u>	<u>47,250</u>
Total revenues	<u>2,402,448</u>	<u>669,010</u>	<u>47,250</u>
<b>EXPENDITURES</b>			
Current:			
Education and recreation	-	662,475	-
Highways and streets	6,604,266	-	12,089
Capital outlay	-	-	-
Debt service:			
Interest and fiscal charges	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,604,266</u>	<u>662,475</u>	<u>12,089</u>
Excess (deficiency) of revenues over expenditures	<u>(4,201,818)</u>	<u>6,535</u>	<u>35,161</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	3,986,041	-	-
Transfers out	(275,065)	-	-
Proceeds from sale of capital assets	10,400	-	-
Issuance of general obligation debt	-	-	-
Net premium on issuance of debt	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3,721,376</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(480,442)	6,535	35,161
<b>FUND BALANCES</b>			
Beginning of year	<u>4,492,325</u>	<u>226,293</u>	<u>224,875</u>
End of year	<u>\$ 4,011,883</u>	<u>\$ 232,828</u>	<u>\$ 260,036</u>



<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ 716,260
-	-	2,402,188
-	6,377	6,377
<u>-</u>	<u>-</u>	<u>260</u>
-	6,377	3,125,085
-	5,087	667,562
-	-	6,616,355
2,935,416	-	2,935,416
<u>30,343</u>	<u>-</u>	<u>30,343</u>
<u>2,965,759</u>	<u>5,087</u>	<u>10,249,676</u>
<u>(2,965,759)</u>	<u>1,290</u>	<u>(7,124,591)</u>
1,286,948	-	5,272,989
(3,707,640)	-	(3,982,705)
-	-	10,400
6,106,744	-	6,106,744
<u>47,091</u>	<u>-</u>	<u>47,091</u>
<u>3,733,143</u>	<u>-</u>	<u>7,454,519</u>
767,384	1,290	329,928
<u>2,847,860</u>	<u>487,232</u>	<u>8,278,585</u>
<u>\$ 3,615,244</u>	<u>\$ 488,522</u>	<u>\$ 8,608,513</u>

**COUNTY OF RACINE, WISCONSIN**  
**COUNTY ROAD MAINTENANCE SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>		<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 2,404,423	\$ 2,404,423	\$ 2,402,188	\$ (2,235)
Miscellaneous	-	-	260	260
Total revenues	<u>2,404,423</u>	<u>2,404,423</u>	<u>2,402,448</u>	<u>(1,975)</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	<u>6,140,464</u>	<u>5,865,399</u>	<u>6,604,266</u>	<u>(738,867)</u>
Deficiency of revenues over expenditures	(3,736,041)	(3,460,976)	(4,201,818)	(740,842)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,986,041	3,986,041	3,986,041	-
Transfers out	-	(275,065)	(275,065)	-
Proceeds from sale of capital assets	-	-	10,400	10,400
Total other financing sources (uses)	<u>3,986,041</u>	<u>3,710,976</u>	<u>3,721,376</u>	<u>10,400</u>
Net change in fund balances	<u>\$ 250,000</u>	<u>\$ 250,000</u>	(480,442)	<u>\$ (730,442)</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>4,492,325</u>	
End of year			<u>\$ 4,011,883</u>	

**COUNTY OF RACINE, WISCONSIN**  
**COUNTY HANDICAPPED EDUCATION SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive</b>
	<u>Original</u>	<u>Final</u>		<b>(Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 669,010	\$ 669,010	\$ 669,010	\$ -
<b>EXPENDITURES</b>				
Current:				
Education and recreation	<u>669,010</u>	<u>669,010</u>	<u>662,475</u>	<u>6,535</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	6,535	<u>\$ 6,535</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>226,293</u>	
End of year			<u>\$ 232,828</u>	

**COUNTY OF RACINE, WISCONSIN  
COUNTY BRIDGE AIDS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive</b>
	<u>Original</u>	<u>Final</u>		<b>(Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 47,250	\$ 47,250	\$ 47,250	\$ -
<b>EXPENDITURES</b>				
Current:				
Highways and streets	<u>47,250</u>	<u>47,250</u>	<u>12,089</u>	<u>35,161</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	35,161	<u>\$ 35,161</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>224,875</u>	
End of year			<u>\$ 260,036</u>	

**COUNTY OF RACINE, WISCONSIN  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive</b>
	<u>Original</u>	<u>Final</u>		<b>(Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 5,758,025	\$ 5,758,025	\$ 5,758,025	\$ -
Investment income	-	-	949	949
Miscellaneous	<u>852,005</u>	<u>852,005</u>	<u>726,349</u>	<u>(125,656)</u>
Total revenues	<u>6,610,030</u>	<u>6,610,030</u>	<u>6,485,323</u>	<u>(124,707)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal retirement	4,020,471	4,020,471	12,667,058	(8,646,587)
Interest and fiscal charges	<u>1,879,079</u>	<u>1,879,079</u>	<u>1,687,461</u>	<u>191,618</u>
Total Expenditures	<u>5,899,550</u>	<u>5,899,550</u>	<u>14,354,519</u>	<u>(8,454,969)</u>
Excess (deficiency) of revenues over expenditures	710,480	710,480	(7,869,196)	(8,579,676)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	413,270	419,327	419,327	-
Transfers out	(710,480)	(710,480)	(710,480)	-
Issuance of general obligation debt	-	-	8,340,668	8,340,668
Net premium on issuance of debt	<u>-</u>	<u>-</u>	<u>26,693</u>	<u>26,693</u>
Total other financing sources (uses)	<u>(297,210)</u>	<u>(291,153)</u>	<u>8,076,208</u>	<u>8,367,361</u>
Net change in fund balances	<u>\$ 413,270</u>	<u>\$ 419,327</u>	207,012	<u>\$ (212,315)</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>193,570</u>	
End of year			<u>\$ 400,582</u>	

**COUNTY OF RACINE, WISCONSIN  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Capital outlay	3,552,786	2,935,414	2,935,416	(2)
Debt Service:				
Interest and fiscal charges	-	6,720	30,343	(23,623)
Total Expenditures	<u>3,552,786</u>	<u>2,942,134</u>	<u>2,965,759</u>	<u>(23,625)</u>
Excess (deficiency) of revenues over expenditures	(3,552,786)	(2,942,134)	(2,965,759)	(23,625)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,145,786	1,286,948	1,286,948	-
Transfers out	(3,677,839)	(3,684,025)	(3,707,640)	(23,615)
Issuance of general obligation debt	6,031,364	6,031,364	6,106,744	75,380
Net premium on issuance of debt	-	-	47,091	47,091
Total other financing sources (uses)	<u>3,499,311</u>	<u>3,634,287</u>	<u>3,733,143</u>	<u>98,856</u>
Net change in fund balances	<u>\$ (53,475)</u>	<u>\$ 692,153</u>	767,384	<u>\$ 75,231</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>2,847,860</u>	
End of year			<u>\$ 3,615,244</u>	

## **NONMAJOR PROPRIETARY FUNDS**

Golf Course Fund - used to account for the operations of the two County-owned golf courses.

Behavioral Health Services - used to account for the operations of the County-owned Behavioral Health Center.

**COUNTY OF RACINE, WISCONSIN  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
As of December 31, 2012**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Golf Courses</b>	<b>Behavioral Health Services</b>	<b>Totals</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and investments	\$ 469,094	\$ -	\$ 469,094
Receivables (net of allowance for uncollectibles)	9,211	-	9,211
Due from other funds	243,893	612	244,505
Prepaid items	186	360	546
Total current assets	<u>722,384</u>	<u>972</u>	<u>723,356</u>
<b>Noncurrent assets</b>			
Capital assets not being depreciated:			
Land	1,131,761	-	1,131,761
Construction in progress	92,092	-	92,092
Capital assets being depreciated:			
Buildings	1,583,723	-	1,583,723
Improvements other than buildings	3,872,909	-	3,872,909
Less: accumulated depreciation	<u>(2,770,412)</u>	<u>-</u>	<u>(2,770,412)</u>
Total noncurrent assets	<u>3,910,073</u>	<u>-</u>	<u>3,910,073</u>
Total assets	<u>4,632,457</u>	<u>972</u>	<u>4,633,429</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and other current liabilities	31,117	-	31,117
Unearned revenue	-	972	972
Total current liabilities	<u>31,117</u>	<u>972</u>	<u>32,089</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,910,073	-	3,910,073
Unrestricted	<u>691,267</u>	<u>-</u>	<u>691,267</u>
Total net position	<u>\$ 4,601,340</u>	<u>\$ -</u>	<u>\$ 4,601,340</u>



**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION - NONMAJOR PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2012**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Golf Courses</b>	<b>Behavioral Health Services</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>			
Resident charges for services, net	\$ 313,442	\$ -	\$ 313,442
Other	1,542	-	1,542
Total operating revenues	314,984	-	314,984
<b>OPERATING EXPENSES</b>			
Operations and maintenance	7,899	-	7,899
Depreciation	254,652	-	254,652
Total operating expenses	262,551	-	262,551
Change in net position	52,433	-	52,433
<b>NET POSITION</b>			
Beginning of year	4,548,907	-	4,548,907
End of year	\$ 4,601,340	\$ -	\$ 4,601,340

**COUNTY OF RACINE, WISCONSIN  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR PROPRIETARY FUNDS  
 For the Year Ended December 31, 2012**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Golf Courses</b>	<b>Behavioral Health Services</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers and users	\$ 316,770	\$ 972	\$ 317,742
Paid for interfund services provided	(131,438)	(612)	(132,050)
Paid to suppliers	13,105	(360)	12,745
Paid to employees	(70)	-	(70)
Net cash from operating activities	198,367	-	198,367
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(197,483)	-	(197,483)
Net cash from capital and related financing activities	(197,483)	-	(197,483)
Net increase in cash and cash equivalents	884	-	884
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning of year	468,210	-	468,210
End of year	\$ 469,094	\$ -	\$ 469,094
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES</b>			
Operating income	\$ 52,433	\$ -	\$ 52,433
Adjustments to reconcile to net cash from operating activities:			
Depreciation	254,652	-	254,652
Changes in assets and liabilities:			
Receivables	1,786	-	1,786
Due from other funds	(131,438)	(612)	(132,050)
Prepaid items	(186)	(360)	(546)
Accounts payable	21,120	-	21,120
Unearned revenue	-	972	972
Net cash from operating activities	\$ 198,367	\$ -	\$ 198,367
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>			
Unrestricted cash and cash equivalents	\$ 469,094	\$ -	\$ 469,094
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<b>\$ 469,094</b>	<b>\$ -</b>	<b>\$ 469,094</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
None.			

## **INTERNAL SERVICE FUNDS**

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

- Billable
- Fringe Benefits
- Fleet

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS**  
**As of December 31, 2012**

	<u>Billable</u>	<u>Fringe Benefits</u>	<u>Fleet</u>	<u>Total</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 700	\$ -	\$ -	\$ 700
Receivables:				
Due from other governments	783,546	-	-	783,546
Accounts	12,920	-	-	12,920
Due from other funds	-	163,924	3,290,667	3,454,591
Inventories	493,236	-	376,018	869,254
Prepaid items	-	-	595	595
Total current assets	<u>1,290,402</u>	<u>163,924</u>	<u>3,667,280</u>	<u>5,121,606</u>
<b>Noncurrent assets</b>				
Construction in progress	-	-	53,034	53,034
Capital assets being depreciated:				
Buildings	-	-	4,910,357	4,910,357
Improvements other than buildings	-	-	1,935,226	1,935,226
Machinery and equipment	154,134	-	10,045,263	10,199,397
Less: accumulated depreciation	<u>(128,118)</u>	<u>-</u>	<u>(9,898,617)</u>	<u>(10,026,735)</u>
Total noncurrent assets	<u>26,016</u>	<u>-</u>	<u>7,045,263</u>	<u>7,071,279</u>
Total assets	<u>1,316,418</u>	<u>163,924</u>	<u>10,712,543</u>	<u>12,192,885</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	108,852	-	131,770	240,622
Accrued liabilities	149,194	287,652	17,369	454,215
Due to other funds	1,032,355	-	-	1,032,355
Current maturities on bonds payable	-	-	15,382	15,382
Total current liabilities	<u>1,290,401</u>	<u>287,652</u>	<u>164,521</u>	<u>1,742,574</u>
<b>Noncurrent liabilities</b>				
Long term maturities on bonds payable	-	-	101,705	101,705
Total liabilities	<u>1,290,401</u>	<u>287,652</u>	<u>266,226</u>	<u>1,844,279</u>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	26,016	-	6,928,176	6,954,192
Unrestricted (deficit)	1	(123,728)	3,518,141	3,394,414
Total net position (deficit)	<u>\$ 26,017</u>	<u>\$ (123,728)</u>	<u>\$10,446,317</u>	<u>\$10,348,606</u>

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION (DEFICIT) - INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2012**

	<u>Billable</u>	<u>Fringe Benefits</u>	<u>Fleet</u>	<u>Eliminations</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				(1) (1,197,255)	
Highway charges and fees	\$ 7,128,704	\$ 1,934,994	\$ 2,373,016	(2) (1,214,344)	\$ 9,025,115
Other	24,711	-	43,056	-	67,767
Total operating revenues	<u>7,153,415</u>	<u>1,934,994</u>	<u>2,416,072</u>	<u>(2,411,599)</u>	<u>9,092,882</u>
<b>OPERATING EXPENSES</b>					
Current				(1) (1,197,255)	
Highway maintenance	7,150,037	1,988,632	1,674,144	(2) (1,214,344)	8,401,214
Depreciation	5,860	-	610,315	-	616,175
Total operating expenses	<u>7,155,897</u>	<u>1,988,632</u>	<u>2,284,459</u>	<u>(2,411,599)</u>	<u>9,017,389</u>
Operating income (loss)	<u>(2,482)</u>	<u>(53,638)</u>	<u>131,613</u>	<u>-</u>	<u>75,493</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Interest expense	-	-	(3,491)	-	(3,491)
Gain (loss) on disposal of capital assets	-	-	(35,757)	-	(35,757)
Total non-operating revenue (expense)	<u>-</u>	<u>-</u>	<u>(39,248)</u>	<u>-</u>	<u>(39,248)</u>
Income (loss) before transfers	<u>(2,482)</u>	<u>(53,638)</u>	<u>92,365</u>	<u>-</u>	<u>36,245</u>
<b>TRANSFERS</b>					
Transfers in	-	150,000	1,003,026	-	1,153,026
Transfers out	-	(79,000)	(906,749)	-	(985,749)
Total net transfers	<u>-</u>	<u>71,000</u>	<u>96,277</u>	<u>-</u>	<u>167,277</u>
Change in net position	<u>(2,482)</u>	<u>17,362</u>	<u>188,642</u>	<u>-</u>	<u>203,522</u>
<b>NET POSITION (DEFICIT)</b>					
Beginning of year	<u>28,499</u>	<u>(141,090)</u>	<u>10,257,675</u>	<u>-</u>	<u>10,145,084</u>
End of year	<u>\$ 26,017</u>	<u>\$ (123,728)</u>	<u>\$ 10,446,317</u>	<u>\$ -</u>	<u>\$ 10,348,606</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**  
**For the Year Ended December 31, 2012**

	<b>Billable</b>	<b>Fringe Benefits</b>	<b>Fleet</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers and users	\$ 2,852,746	\$ 737,739	\$ 1,201,728	\$ 4,792,213
Received for interfund services provided	4,074,561	1,168,283	1,566,606	6,809,450
Paid for interfund services provided	(3,213,274)	-	(71,283)	(3,284,557)
Paid to suppliers	(1,291,066)	-	(1,264,705)	(2,555,771)
Paid to employees	(2,422,967)	(1,977,022)	(375,909)	(4,775,898)
Net cash from operating activities	-	(71,000)	1,056,437	985,437
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	150,000	1,003,026	1,153,026
Transfers out	-	(79,000)	(906,749)	(985,749)
Net cash from noncapital financing activities	-	71,000	96,277	167,277
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	-	-	(1,164,945)	(1,164,945)
Proceeds from sale of capital assets	-	-	59,075	59,075
Proceeds of debt issued	-	-	117,087	117,087
Principal paid on capital debt	-	-	(160,440)	(160,440)
Interest paid on capital debt	-	-	(3,491)	(3,491)
Net cash from capital and related financing activities	-	-	(1,152,714)	(1,152,714)
Net increase in cash and cash equivalents	-	-	-	-
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of year	700	-	-	700
End of year	\$ 700	\$ -	\$ -	\$ 700
<b>RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (2,482)	\$ (53,638)	\$ 131,613	\$ 75,493
Adjustments to reconcile to net cash from operating activities:				
Depreciation	5,860	-	610,315	616,175
Depreciation transferred to (from) other funds	(3,378)	-	3,378	-
Changes in assets and liabilities:				
Receivables	(226,108)	-	-	(226,108)
Due from other funds	-	(28,972)	352,262	323,290
Inventories	(35,231)	-	(39,849)	(75,080)
Prepaid items	-	-	(595)	(595)
Accounts payable	6,780	-	7,224	14,004
Due to other funds	250,842	-	-	250,842
Other liabilities	3,717	11,610	(7,911)	7,416
Net cash from operating activities	\$ -	\$ (71,000)	\$ 1,056,437	\$ 985,437

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

None.

## **AGENCY FUNDS**

Agency Funds are used to account for assets that are held by the County in a trustee capacity or as an agent for individuals, private organizations, and all other governmental units. The County has the following agency funds:

- Court
- Unclaimed Funds
- Other
- Taxes

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS**  
**As of December 31, 2012**

	<u>Agency Funds</u>				<b>Total Agency Funds</b>
	<u>Court</u>	<u>Unclaimed Funds</u>	<u>Other</u>	<u>Taxes</u>	
<b>ASSETS</b>					
Cash and investments	\$ 3,675,614	\$ -	\$ 521,888	\$ -	\$ 4,197,502
Receivables:					
Delinquent property taxes	-	-	-	322,562	322,562
Accounts	-	433,128	59,498	-	492,626
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 3,675,614</u>	<u>\$ 433,128</u>	<u>\$ 581,386</u>	<u>\$ 322,562</u>	<u>\$ 5,012,690</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 72,697	\$ -	\$ 72,697
Agency deposits	3,675,614	433,128	508,689	322,562	4,939,993
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>\$ 3,675,614</u>	<u>\$ 433,128</u>	<u>\$ 581,386</u>	<u>\$ 322,562</u>	<u>\$ 5,012,690</u>



**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**For the Year Ended December 31, 2012**

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
<b><u>COURT</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 3,862,468	\$ 794,553	\$ 981,407	\$ 3,675,614
<b>LIABILITIES</b>				
Agency deposits	\$ 3,862,468	\$ 794,553	\$ 981,407	\$ 3,675,614
<b><u>UNCLAIMED FUNDS</u></b>				
<b>ASSETS</b>				
Accounts receivable	\$ 439,137	\$ 206,208	\$ 212,217	\$ 433,128
<b>LIABILITIES</b>				
Agency deposits	\$ 439,137	\$ 206,208	\$ 212,217	\$ 433,128
<b><u>OTHER</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 359,379	\$ 938,515	\$ 776,006	\$ 521,888
Accounts receivable	34,277	961,802	936,581	59,498
Total assets	<u>\$ 393,656</u>	<u>\$ 1,900,317</u>	<u>\$ 1,712,587</u>	<u>\$ 581,386</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,688	\$ 597,248	\$ 527,239	\$ 72,697
Agency deposits	390,968	2,088,732	1,971,011	508,689
Total liabilities	<u>\$ 393,656</u>	<u>\$ 2,685,980</u>	<u>\$ 2,498,250</u>	<u>\$ 581,386</u>

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**For the Year Ended December 31, 2012**

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
<b><u>TAXES</u></b>				
<b>ASSETS</b>				
Receivables				
Delinquent property taxes	\$ 302,926	\$ 241,585	\$ 221,949	\$ 322,562
Accounts	-	206,323	206,323	-
Total assets	<u>\$ 302,926</u>	<u>\$ 447,908</u>	<u>\$ 428,272</u>	<u>\$ 322,562</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 167,564	\$ 167,564	\$ -
Agency deposits	302,926	280,344	260,708	322,562
Total liabilities	<u>\$ 302,926</u>	<u>\$ 447,908</u>	<u>\$ 428,272</u>	<u>\$ 322,562</u>
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 4,221,847	\$ 1,733,068	\$ 1,757,413	\$ 4,197,502
Receivables:				
Delinquent property taxes	302,926	241,585	221,949	322,562
Accounts	473,414	1,374,333	1,355,121	492,626
Total assets	<u>\$ 4,998,187</u>	<u>\$ 3,348,986</u>	<u>\$ 3,334,483</u>	<u>\$ 5,012,690</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,688	\$ 764,812	\$ 694,803	\$ 72,697
Agency deposits	4,995,499	3,369,837	3,425,343	4,939,993
Total liabilities	<u>\$ 4,998,187</u>	<u>\$ 4,134,649</u>	<u>\$ 4,120,146</u>	<u>\$ 5,012,690</u>

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

**COUNTY OF RACINE, WISCONSIN**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULES BY SOURCE**  
**As of December 31, 2012 and 2011**

	<b>2012</b>	<b>2011</b>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS</b>		
Land	\$ 21,812,455	\$ 21,557,055
Buildings	62,245,378	61,673,617
Improvements other than buildings	9,499,589	9,186,461
Machinery and equipment	16,441,817	16,072,251
Infrastructure	39,526,547	36,727,234
Construction in progress	6,736,097	3,431,409
Total governmental funds capital assets	\$ 156,261,883	\$ 148,648,027
 <b>INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE</b>		
General Fund	\$ 116,250,085	\$ 109,086,912
Special Revenue Fund	40,011,798	39,561,115
Total governmental funds capital assets	\$ 156,261,883	\$ 148,648,027

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 position.

**COUNTY OF RACINE, WISCONSIN**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**For the Year Ended December 31, 2012**

<b>FUNCTION AND ACTIVITY</b>	<b>Governmental Funds Capital Assets January 1, 2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Governmental Funds Capital Assets December 31, 2012</b>
General government	\$ 9,081,323	\$ 1,033,721	\$ 211,577	\$ 9,903,467
Public Safety	51,837,920	893,254	240,975	52,490,199
Health and social service	18,161,108	428,002	18,501	18,570,609
Education and recreation	31,577,247	3,407,792	199,399	34,785,640
Development	265,245	-	-	265,245
Highway and streets	37,725,184	2,935,919	414,380	40,246,723
 Total governmental funds capital assets	 <u>\$ 148,648,027</u>	 <u>\$ 8,698,688</u>	 <u>\$ 1,084,832</u>	 <u>\$ 156,261,883</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 position.

**COUNTY OF RACINE, WISCONSIN**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**For the Year Ended December 31, 2012**

<b>FUNCTION AND ACTIVITY</b>	<b>Land</b>	<b>Improvements Other Than Buildings</b>	<b>Buildings</b>	<b>Machinery and Equipment</b>	<b>Infrastructure</b>	<b>Construction In Progress</b>	<b>Total</b>
General government	\$ 239,770	\$ 868,128	\$ 5,518,686	\$ 2,654,552	\$ -	\$ 622,331	\$ 9,903,467
Public safety	1,532,928	410,240	37,320,149	12,758,697	-	468,185	52,490,199
Health and social services	370,104	-	16,829,545	944,632	-	426,328	18,570,609
Education and recreation	19,195,911	8,221,221	2,576,998	-	-	4,791,510	34,785,640
Development	198,650	-	-	66,595	-	-	265,245
Highways and streets	275,092	-	-	17,341	39,526,547	427,743	40,246,723
Total governmental funds capital assets	<u>\$ 21,812,455</u>	<u>\$ 9,499,589</u>	<u>\$ 62,245,378</u>	<u>\$ 16,441,817</u>	<u>\$ 39,526,547</u>	<u>\$ 6,736,097</u>	<u>\$ 156,261,883</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 position.

## **STATISTICAL SECTION**

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**Statistical Section  
(Unaudited)**

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

**FINANCIAL TRENDS - TABLES 1 - 4**

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

**REVENUE CAPACITY - TABLES 5 - 8**

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

**DEBT CAPACITY - TABLES 9 - 11**

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

**DEMOGRAPHIC AND ECONOMIC INFORMATION - TABLES 12 -13**

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

**OPERATING INFORMATION - TABLES 14 - 16**

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

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

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**COUNTY OF RACINE, WISCONSIN**  
**TABLE 1 - NET POSITION BY COMPONENT**  
For the fiscal years ended December 31, 2003 through 2012

	<u>2003</u>	<u>2004</u>	<u>2005 (a)</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b><u>Governmental Activities</u></b>										
Net investment in capital assets	\$ 54,939,630	\$ 59,338,370	\$ 60,278,910	\$ 65,978,699	\$ 64,472,210	\$ 62,153,295	\$ 64,602,042	\$ 66,620,814	\$ 66,531,523	\$ 70,301,141
Restricted	7,335,731	7,688,037	1,140,931	637,251	847,185	674,038	789,986	479,523	1,192,375	864,347
Unrestricted (deficit)	<u>19,610,269</u>	<u>16,402,119</u>	<u>27,970,518</u>	<u>30,604,900</u>	<u>18,778,037</u>	<u>13,729,575</u>	<u>1,307,970</u>	<u>(10,959,241)</u>	<u>(19,530,314)</u>	<u>(30,922,432)</u>
Total Governmental Activities Net position	<u>\$ 81,885,630</u>	<u>\$ 83,428,526</u>	<u>\$ 89,390,359</u>	<u>\$ 97,220,850</u>	<u>\$ 84,097,432</u>	<u>\$ 76,556,908</u>	<u>\$ 66,699,998</u>	<u>\$ 56,141,096</u>	<u>\$ 48,193,584</u>	<u>\$ 40,243,056</u>
<b><u>Business-type Activities</u></b>										
Net investment in capital assets	\$ 4,987,621	\$ 4,836,087	\$ 3,033,759	\$ 4,438,689	\$ 4,907,956	\$ 4,889,408	\$ 5,160,995	\$ 5,547,951	\$ 5,652,137	\$ 6,454,139
Restricted	162,901	34,992	-	-	-	-	-	-	-	-
Unrestricted (deficit)	<u>(267,655)</u>	<u>(729,479)</u>	<u>1,069,279</u>	<u>(335,682)</u>	<u>(253,174)</u>	<u>165,869</u>	<u>(150,409)</u>	<u>1,078,704</u>	<u>3,191,955</u>	<u>2,829,498</u>
Total Business-type Activities Net Position	<u>\$ 4,882,867</u>	<u>\$ 4,141,600</u>	<u>\$ 4,103,038</u>	<u>\$ 4,103,007</u>	<u>\$ 4,654,782</u>	<u>\$ 5,055,277</u>	<u>\$ 5,010,586</u>	<u>\$ 6,626,655</u>	<u>\$ 8,844,092</u>	<u>\$ 9,283,637</u>
<b><u>Primary Government</u></b>										
Net investment in capital assets	\$ 59,927,251	\$ 64,174,457	\$ 63,312,669	\$ 70,417,388	\$ 69,380,166	\$ 67,042,703	\$ 69,763,037	\$ 72,168,765	\$ 72,183,660	\$ 76,755,280
Restricted	7,498,632	7,723,029	1,140,931	637,251	847,185	674,038	789,986	479,523	1,192,375	864,347
Unrestricted (deficit)	<u>19,342,614</u>	<u>15,672,640</u>	<u>29,039,797</u>	<u>30,269,218</u>	<u>18,524,863</u>	<u>13,895,444</u>	<u>1,157,561</u>	<u>(9,880,537)</u>	<u>(16,338,359)</u>	<u>(28,092,934)</u>
Total Primary Government Net Position	<u>\$ 86,768,497</u>	<u>\$ 87,570,126</u>	<u>\$ 93,493,397</u>	<u>\$ 101,323,857</u>	<u>\$ 88,752,214</u>	<u>\$ 81,612,185</u>	<u>\$ 71,710,584</u>	<u>\$ 62,767,751</u>	<u>\$ 57,037,676</u>	<u>\$ 49,526,693</u>

**Notes:**

(a) Beginning net position were restated in 2005 by \$993,886 (increased) to properly report capital assets, net of depreciation in the government-wide statements.

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 2 - CHANGES IN NET POSITION**  
For the fiscal years ended December 31, 2003 through 2012  
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 19,377,945	\$ 17,421,627	\$ 15,211,124	\$ 12,835,356	\$ 20,202,595	\$ 19,272,110	\$ 23,739,108	\$ 18,930,580	\$ 18,794,913	\$ 21,188,097
Public safety	24,940,588	26,717,076	27,309,261	28,360,700	32,274,541	35,168,361	34,024,144	36,686,794	34,917,243	36,176,316
Health and social services	62,753,342	57,758,929	57,866,026	58,034,621	52,824,076	48,302,880	52,062,294	53,773,095	50,582,992	46,463,188
Education and recreation	16,536,668	17,492,932	18,384,238	17,167,001	10,556,142	5,488,627	5,609,494	6,821,539	6,271,197	5,841,238
Development	5,744,849	1,650,806	1,465,373	1,797,075	1,829,023	1,920,204	2,634,043	2,599,970	4,286,674	4,522,382
Highways and streets	9,618,932	8,245,410	8,581,834	4,185,199	8,446,110	6,130,001	5,482,591	7,478,321	6,845,619	6,270,486
Interest and fiscal charges	1,079,648	1,210,321	1,156,617	1,728,911	1,932,145	1,948,449	1,869,319	1,809,819	1,815,230	1,656,893
Total governmental activities expenses	<u>140,051,972</u>	<u>130,497,101</u>	<u>129,974,473</u>	<u>124,108,863</u>	<u>128,064,632</u>	<u>118,230,632</u>	<u>125,420,993</u>	<u>128,100,118</u>	<u>123,513,868</u>	<u>122,118,600</u>
Business-type activities:										
Healthcare Center	13,669,211	14,429,319	15,267,970	15,548,773	15,216,728	15,914,514	15,894,918	16,203,632	16,497,328	17,150,754
Reefpoint Marina	-	-	-	-	-	-	-	-	-	1,181,067
Golf Courses	181,354	175,707	203,698	223,706	204,218	208,672	206,099	232,445	236,165	262,551
Total Business-type activities expenses	<u>13,850,565</u>	<u>14,605,026</u>	<u>15,471,668</u>	<u>15,772,479</u>	<u>15,420,946</u>	<u>16,123,186</u>	<u>16,101,017</u>	<u>16,436,077</u>	<u>16,733,493</u>	<u>18,594,372</u>
Total Primary Government expenses	<u>\$ 153,902,537</u>	<u>\$ 145,102,127</u>	<u>\$ 145,446,141</u>	<u>\$ 139,881,342</u>	<u>\$ 143,485,578</u>	<u>\$ 134,353,818</u>	<u>\$ 141,522,010</u>	<u>\$ 144,536,195</u>	<u>\$ 140,247,361</u>	<u>\$ 140,712,972</u>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services										
General government	\$ 4,184,249	\$ 4,204,083	\$ 4,788,159	\$ 4,969,487	\$ 5,074,518	\$ 4,195,317	\$ 4,073,569	\$ 4,548,389	\$ 4,689,931	\$ 4,747,056
Public safety	2,777,838	2,830,447	2,761,912	2,550,205	2,722,314	2,698,244	2,595,433	2,781,480	2,882,137	2,941,499
Highways and streets	4,950,408	2,981,187	3,645,523	-	-	-	-	-	-	-
Health and social services	555,988	651,509	4,073,627	3,369,743	3,170,594	3,156,333	3,311,152	2,548,689	2,222,133	3,058,583
Education and recreation	491,898	309,923	346,023	247,248	265,734	283,086	276,205	261,235	244,946	259,031
Development	424,236	483,539	365,533	627,803	510,589	387,198	398,080	430,785	428,282	205,898
Operating grants and contributions	65,745,697	60,942,625	58,782,167	58,715,473	44,542,997	40,255,813	44,027,768	44,230,307	45,995,983	43,786,043
Capital grants and contributions	1,404,617	2,962,688	1,213,004	239,882	566,080	544,396	105,723	3,724,789	494,122	1,088,365
Total governmental activities program revenues	<u>80,534,931</u>	<u>75,366,001</u>	<u>75,975,948</u>	<u>70,719,841</u>	<u>56,852,826</u>	<u>51,520,387</u>	<u>54,787,930</u>	<u>58,525,674</u>	<u>56,957,534</u>	<u>56,086,475</u>
Business-type activities:										
Charges for services										
Healthcare Center	10,324,352	11,250,771	11,524,630	13,584,355	14,310,480	16,003,467	16,344,857	16,638,538	17,102,754	16,153,936
Reefpoint Marina	-	-	-	-	-	-	-	-	-	1,431,574
Golf Courses	371,084	376,340	405,133	432,681	445,247	402,179	408,822	409,461	289,804	314,984
Total business-type activities program revenues	<u>10,695,436</u>	<u>11,627,111</u>	<u>11,929,763</u>	<u>14,017,036</u>	<u>14,755,727</u>	<u>16,405,646</u>	<u>16,753,679</u>	<u>17,047,999</u>	<u>17,392,558</u>	<u>17,900,494</u>
Total primary government program revenues	<u>\$ 91,230,367</u>	<u>\$ 86,993,112</u>	<u>\$ 87,905,711</u>	<u>\$ 84,736,877</u>	<u>\$ 71,608,553</u>	<u>\$ 67,926,033</u>	<u>\$ 71,541,609</u>	<u>\$ 75,573,673</u>	<u>\$ 74,350,092</u>	<u>\$ 73,986,969</u>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (59,517,041)	\$ (55,131,100)	\$ (53,998,525)	\$ (53,389,022)	\$ (71,211,806)	\$ (66,710,245)	\$ (70,633,063)	\$ (69,574,444)	\$ (66,556,334)	\$ (66,032,125)
Business-type activities	(3,155,129)	(2,977,915)	(3,541,905)	(1,755,443)	(665,219)	282,460	652,662	611,922	659,065	(693,878)
Total primary government net expense	<u>\$ (62,672,170)</u>	<u>\$ (58,109,015)</u>	<u>\$ (57,540,430)</u>	<u>\$ (55,144,465)</u>	<u>\$ (71,877,025)</u>	<u>\$ (66,427,785)</u>	<u>\$ (69,980,401)</u>	<u>\$ (68,962,522)</u>	<u>\$ (65,897,269)</u>	<u>\$ (66,726,003)</u>

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

Governmental activities:										
Property taxes	\$ 47,067,618	\$ 48,700,601	\$ 50,513,512	\$ 52,160,158	\$ 48,167,630	\$ 50,239,596	\$ 51,397,357	\$ 45,887,633	\$ 45,035,318	\$ 51,540,458
Other taxes	-	-	-	-	-	-	-	-	-	92,821
Grants and contributions not restricted to specific programs	7,191,801	6,737,064	6,419,736	4,557,451	4,067,151	3,955,614	4,050,922	5,739,176	5,761,091	2,711,964
Unrestricted investment earnings	2,721,875	2,339,170	3,436,787	5,465,557	5,716,429	4,020,086	3,288,586	3,879,971	3,840,094	3,754,217
Gain (loss) on sale of capital assets	(69,600)	(255,622)	1,145,335	-	365,033	-	-	3,322,839	4,128,649	-
Other	1,266,421	1,386,259	954,445	791,759	989,139	1,072,460	1,341,935	1,190,070	1,401,946	1,115,493
Transfers	(2,911,222)	(2,233,476)	(3,503,343)	(1,755,412)	(1,216,994)	(118,035)	697,353	(1,004,147)	(1,558,276)	(1,133,356)
Total governmental activities	<u>55,266,893</u>	<u>56,673,996</u>	<u>58,966,472</u>	<u>61,219,513</u>	<u>58,088,388</u>	<u>59,169,721</u>	<u>60,776,153</u>	<u>59,015,542</u>	<u>58,608,822</u>	<u>58,081,597</u>
Business-type activities:										
Unrestricted investment earnings	627	-	-	-	-	-	-	-	-	67
Gain (loss) on sale of capital assets	(14,971)	3,172	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	96	-
Transfers	2,911,222	2,233,476	3,503,343	1,755,412	1,216,994	118,035	(697,353)	1,004,147	1,558,276	1,133,356
Total business-type activities	<u>2,896,878</u>	<u>2,236,648</u>	<u>3,503,343</u>	<u>1,755,412</u>	<u>1,216,994</u>	<u>118,035</u>	<u>(697,353)</u>	<u>1,004,147</u>	<u>1,558,372</u>	<u>1,133,423</u>
Total primary government	<u>\$ 58,163,771</u>	<u>\$ 58,910,644</u>	<u>\$ 62,469,815</u>	<u>\$ 62,974,925</u>	<u>\$ 59,305,382</u>	<u>\$ 59,287,756</u>	<u>\$ 60,078,800</u>	<u>\$ 60,019,689</u>	<u>\$ 60,167,194</u>	<u>\$ 59,215,020</u>
<b>Change in Net Position:</b>										
Governmental activities	\$ (4,250,148)	\$ 1,542,896	\$ 4,967,947	\$ 7,830,491	\$ (13,123,418)	\$ (7,540,524)	\$ (9,856,910)	\$ (10,558,902)	\$ (7,947,512)	\$ (7,950,528)
Business-type activities	(258,251)	(741,267)	(38,562)	(31)	551,775	400,495	(44,691)	1,616,069	2,217,437	439,545
Total primary government	<u>\$ (4,508,399)</u>	<u>\$ 801,629</u>	<u>\$ 4,929,385</u>	<u>\$ 7,830,460</u>	<u>\$ (12,571,643)</u>	<u>\$ (7,140,029)</u>	<u>\$ (9,901,601)</u>	<u>\$ (8,942,833)</u>	<u>\$ (5,730,075)</u>	<u>\$ (7,510,983)</u>

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 3 - FUND BALANCES, GOVERNMENTAL FUNDS**  
**For the fiscal years ended December 31, 2003 through 2012**  
**(modified accrual basis of accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 *</u>	<u>2012</u>
General Fund:										
Reserved	\$ 11,467,259	\$ 9,574,760	\$ 9,045,064	\$ 8,875,786	\$ 10,128,884	\$ 10,416,277	\$ 11,952,172	\$ 13,866,026	\$ -	\$ -
Unreserved	13,126,236	14,425,742	19,590,968	25,974,133	28,928,155	32,126,060	33,518,452	31,102,669	-	-
Nonspendable	-	-	-	-	-	-	-	-	12,857,104	15,904,149
Restricted	-	-	-	-	-	-	-	-	712,400	311,936
Committed	-	-	-	-	-	-	-	-	16,956,084	14,307,806
Unassigned	-	-	-	-	-	-	-	-	17,942,581	15,193,056
Total General Fund	<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>	<u>45,470,624</u>	<u>44,968,695</u>	<u>48,468,169</u>	<u>45,716,947</u>
Other governmental funds:										
Reserved	4,114,592	5,592,069	5,178,685	18,263,175	6,541,413	1,441,945	1,168,148	846,239	-	-
Unreserved - reported in:										
Special Revenue Funds	7,811,743	6,792,802	6,522,308	6,936,368	1,681,422	1,392,535	3,502,467	5,546,339	-	-
Capital Projects Fund	1,468,304	-	-	(393,605)	(217,852)	2,823,422	2,288,885	2,411,224	-	-
Debt Service Fund	153,133	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	298,773	276,631
Restricted	-	-	-	-	-	-	-	-	409,299	622,723
Committed	-	-	-	-	-	-	-	-	5,522,886	5,327,949
Assigned	-	-	-	-	-	-	-	-	4,941,189	5,145,598
Total other governmental funds	<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>6,959,500</u>	<u>8,803,802</u>	<u>11,172,147</u>	<u>11,372,901</u>
<b>TOTAL FUND BALANCES</b>	<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>	<u>\$ 52,430,124</u>	<u>\$ 53,772,497</u>	<u>\$ 59,640,316</u>	<u>\$ 57,089,848</u>

**Notes:**

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

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

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 4 - CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**For the fiscal years ended December 31, 2003 through 2012**  
**(modified accrual basis of accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues:</b>										
Property taxes	\$ 47,087,985	\$ 48,689,938	\$ 50,521,783	\$ 52,388,683	\$ 47,814,884	\$ 49,372,687	\$ 50,512,920	\$ 50,809,305	\$ 50,987,609	\$ 50,909,907
Intergovernmental	74,269,191	70,642,376	66,414,907	63,465,636	48,868,770	44,752,263	48,168,013	51,525,420	50,287,457	47,599,909
Fines and fees	6,334,437	6,451,470	8,295,863	8,010,299	8,425,546	7,496,111	7,086,991	7,716,658	7,749,642	8,427,429
Interest income	2,721,875	2,339,170	3,436,787	5,465,557	5,716,429	4,020,086	3,288,586	3,322,839	4,128,649	3,754,217
Miscellaneous	3,472,813	3,414,290	4,993,836	4,582,207	4,598,005	4,248,842	4,902,184	4,237,942	3,714,587	3,708,088
Total revenues	<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>	<u>113,958,694</u>	<u>117,612,164</u>	<u>116,867,944</u>	<u>114,399,550</u>
<b>Expenditures:</b>										
Current:										
General government	19,462,898	17,088,802	14,137,998	12,843,110	16,594,996	16,727,647	19,873,265	14,054,302	15,726,460	17,862,727
Public safety	23,858,590	25,354,520	25,337,146	26,243,408	26,661,328	26,898,723	26,553,273	29,558,926	32,962,956	33,147,567
Health and social services	62,388,001	57,329,215	57,539,864	57,602,914	49,332,379	45,457,526	47,089,952	48,174,139	47,021,339	43,808,518
Education and recreation	16,267,099	17,522,534	18,294,569	17,242,794	10,104,371	5,325,158	4,853,010	4,841,796	4,860,902	4,511,189
Development	5,719,504	1,647,223	1,446,227	1,614,327	1,792,841	1,924,273	1,715,127	1,647,439	2,725,818	3,051,344
Highways and streets	5,452,607	8,608,249	6,404,777	5,059,296	6,186,109	6,882,353	6,527,834	8,679,234	6,114,854	7,266,428
Capital outlay	5,293,050	1,940,820	2,251,832	8,274,477	13,395,339	3,485,171	1,971,496	3,180,033	4,426,458	6,148,346
Debt service principal	2,448,191	2,791,021	2,425,562	2,736,264	3,186,996	3,500,870	3,953,246	4,383,769	4,309,329	12,667,058
Debt service interest and fiscal charges	1,275,958	1,333,039	1,190,233	1,690,231	1,950,674	1,922,244	1,891,891	1,835,396	1,744,994	1,717,804
Total Expenditures	<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>	<u>114,429,094</u>	<u>116,355,034</u>	<u>119,893,110</u>	<u>130,180,981</u>
Excess (deficiency) of revenues over expenditures	<u>(8,279,597)</u>	<u>(2,078,179)</u>	<u>4,634,968</u>	<u>605,561</u>	<u>(13,781,399)</u>	<u>(2,233,976)</u>	<u>(470,400)</u>	<u>1,257,130</u>	<u>(3,025,166)</u>	<u>(15,781,431)</u>
<b>Other Financing Sources (Uses):</b>										
Transfers in	6,341,722	6,013,500	14,828,422	6,143,681	6,051,557	15,510,168	19,960,104	15,805,719	13,579,254	13,122,729
Transfers out	(8,294,153)	(7,306,437)	(18,514,437)	(8,621,002)	(7,396,603)	(15,970,514)	(19,601,539)	(16,640,476)	(15,249,969)	(14,423,362)
Proceeds from refunding	10,325,141	-	2,570,000	-	-	-	-	-	-	-
Payment to refunding bond escrow agent	(10,340,000)	-	(2,707,037)	-	-	-	-	-	-	-
Proceeds from bond anticipation notes	10,365,023	-	-	-	-	-	-	-	-	-
Unfunded pension liability payment	(10,338,148)	-	-	-	-	-	-	-	-	-
Proceeds from general obligation debt	5,159,558	1,121,471	1,700,000	21,035,000	2,155,000	3,795,000	4,335,000	4,920,000	6,560,000	14,447,412
Premium on debt issued	-	-	30,885	152,954	12,578	37,539	6,720	-	-	73,784
Sale of property	-	493,750	1,408,850	2,638	365,033	-	-	-	3,700	10,400
Total other financing sources (uses)	<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>	<u>4,700,285</u>	<u>4,085,243</u>	<u>4,892,985</u>	<u>13,230,963</u>
<b>Net change in fund balances</b>	<u>\$ (5,060,454)</u>	<u>\$ (1,755,895)</u>	<u>\$ 3,951,651</u>	<u>\$ 19,318,832</u>	<u>\$ (12,593,834)</u>	<u>\$ 1,138,217</u>	<u>\$ 4,229,885</u>	<u>\$ 5,342,373</u>	<u>\$ 1,867,819</u>	<u>\$ (2,550,468)</u>
<b>Capitalized expenditures</b>	\$ 6,444,785	\$ 6,253,263	\$ 3,635,014	\$ 10,010,427	\$ 14,065,117	\$ 6,201,900	\$ 6,269,347	\$ 7,112,732	\$ 5,762,786	\$ 7,892,151
<b>Debt Service as a percent of noncapital expenditures (a)</b>	2.74%	3.24%	2.88%	3.59%	4.46%	5.12%	5.40%	5.69%	5.30%	11.76%

**Notes:**

(a) Calculation excludes refunding debt payments.

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 5 - EQUALIZED VALUE OF TAXABLE PROPERTY**  
**For the fiscal years ended December 31, 2003 through 2012**

Fiscal Year Ended	Real Estate				Personal Property	Total Taxable Equalized Value (EV) (a)	Total Tax Increment District (TID)	EV less TID (b)	All County Tax Levies	Tax Rate (c)
	Residential	Commercial	Manufacturing	Other						
2003	7,660,598,000	1,566,293,600	421,083,300	245,686,400	276,820,100	10,170,481,400	300,962,450	9,869,518,950	47,002,288	4.76%
2004	8,317,871,000	1,695,346,900	424,718,000	247,413,100	280,431,800	10,965,780,800	353,433,450	10,612,347,350	48,734,107	4.59%
2005	9,313,273,900	1,841,675,400	413,211,300	247,466,300	265,855,100	12,081,482,000	408,211,950	11,673,270,050	50,587,305	4.33%
2006	10,342,347,400	2,013,188,200	401,915,000	261,339,200	279,288,400	13,298,078,200	460,466,850	12,837,611,350	52,325,744	4.08%
2007	11,576,805,100	2,250,820,300	396,831,300	303,303,100	302,606,000	14,830,365,800	521,705,250	14,308,660,550	48,031,096	3.36%
2008	12,227,187,600	2,439,988,800	407,206,600	322,729,100	262,648,000	15,659,760,100	615,893,650	15,043,866,450	49,601,148	3.30%
2009	12,433,153,100	2,496,865,500	419,076,500	324,484,200	319,128,000	15,992,707,300	665,102,950	15,327,604,350	50,786,176	3.31%
2010	12,188,406,100	2,640,032,600	432,763,300	323,520,400	327,325,300	15,912,047,700	695,535,250	15,216,512,450	50,939,395	3.35%
2011	11,538,790,000	2,632,552,300	421,179,200	309,215,900	326,895,200	15,228,632,600	630,778,050	14,597,854,550	50,831,349	3.48%
2012	11,400,424,500	2,608,668,400	418,792,500	307,351,400	306,179,600	15,041,416,400	623,167,550	14,418,248,850	50,900,847	3.53%

Source: State of Wisconsin Department of Revenue Equalization Division

Notes:

- (a) Due to varying assessment ratios to full market value used in municipalities, all underlying tax districts such as counties are required to use equalized value for levying property taxes. Equalized value, defined by State Statute, is the legal market value determined by the Wisconsin Department of Revenue Bureau of Property Tax. The equalized value determined as of January 1st is used to apportion the tax levied in November and collected in the subsequent year. This table reports the equalized value with the corresponding fiscal year in which the tax is collected.
- (b) Equalized Values are reduced by Tax Increment District value increments for apportioning the County levy.
- (c) 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.



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

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
S.C. Johnson & Son, Inc.	\$ 125,444,900	1	0.89%	\$ 101,651,900	1	1.06%
Racine Joint Venture (Regency Mall)	114,200,900	2	0.81%	63,880,000	2	0.67%
Centerpoint Properties Trust	83,372,800	3	0.59%			
Continental 63 & 81 Fund LLC (Wal-Mart Stores)	53,083,500	4	0.38%	19,638,200	7	0.20%
All Saints Health Care	41,532,800	5	0.29%	23,522,900	5	0.25%
CNH Global	31,732,400	7	0.22%	35,884,300	3	0.37%
Aurora Medical Group	34,378,000	6	0.24%	24,708,300	4	0.26%
Inland Southeast Mt. Pleasant (Village Center Mall)	26,018,400	8	0.18%			
Bombardier Motor Corp Of America	20,246,000	9	0.14%	20,833,000	6	0.22%
High Ridge Improvements	16,400,000	10	0.12%	16,285,000	8	0.17%
American National Insurance f/k/a Shoemaker Prop.				16,248,100	9	0.17%
Rudd Lighting				15,461,400	10	0.16%
Totals	<u>\$ 546,409,700</u>		<u>3.87%</u>	<u>\$ 338,113,100</u>		<u>3.52%</u>
Total County Taxable Assessed Value	<u>\$ 14,112,069,250</u>			<u>\$ 9,592,698,850</u>		

**Note:**

Source: Racine County Treasurer's Office

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

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 7 - PROPERTY TAX LEVIES AND COLLECTIONS,**  
**For the fiscal years ended December 31, 2003 through 2012**

Tax Levy Year	Collection Year Ended Dec 31,	Total Tax Levy	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2002	2003	\$ 224,378,130	\$ 220,982,455	98.49%	\$ 3,369,783	\$ 224,352,238	99.99%
2003	2004	237,081,237	233,608,111	98.54%	3,447,319	237,055,431	99.99%
2004	2005	251,899,220	248,228,565	98.54%	3,647,770	251,876,335	99.99%
2005	2006	256,705,260	253,017,402	98.56%	3,644,461	256,661,863	99.98%
2006	2007	277,621,142	272,518,975	98.16%	4,983,073	277,502,048	99.96%
2007	2008	290,222,257	283,893,148	97.82%	6,016,514	289,909,662	99.89%
2008	2009	305,393,464	298,193,484	97.64%	6,475,747	304,669,231	99.76%
2009	2010	318,063,935	310,315,192	97.56%	5,848,166	316,163,358	99.40%
2010	2011	322,502,719	315,464,185	97.82%	3,174,176	318,638,361	98.80%
2011	2012	329,272,692	321,913,844	97.77%	-	321,913,844	97.77%

Source: Racine County Treasurer's Office

**Notes:**

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

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

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 8 - PROPERTY TAX RATES**  
For the fiscal years ended December 31, 2003 through 2012  
(rates per \$1,000 of equalized value)

	2012 Equalized Value (f)	Levy Year									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>County direct rates</b>											
General	\$ 13,463,629,150	\$ 3.81	\$ 3.56	\$ 3.39	\$ 3.15	\$ 3.09	\$ 3.11	\$ 3.16	\$ 3.29	\$ 3.33	\$ 3.57
County Schools (a)	4,597,929,754	1.83	1.81	1.64	0.17	0.20	0.20	0.15	0.14	0.14	0.15
Bridge Aids (b)	3,400,799,100	0.05	0.05	0.01	-	-	0.02	0.01	-	0.01	0.03
Lakeshore Library (c)	8,386,498,900	0.30	0.29	0.26	0.24	0.23	0.22	0.22	0.24	0.24	0.27
Total County direct rates		5.99	5.71	5.30	3.56	3.52	3.55	3.54	3.67	3.72	4.01
<b>Overlapping rates (g)</b>											
Cities:											
Burlington (d)	\$ 659,965,000	\$ 22.00	\$ 22.99	\$ 22.85	\$ 18.97	\$ 20.54	\$ 20.56	\$ 20.58	\$ 20.95	\$ 21.77	\$ 21.80
Racine	3,407,156,050	24.21	24.22	22.26	21.27	21.11	21.96	22.80	23.84	25.47	28.47
Towns:											
Burlington	\$ 625,828,200	\$17.21-18.31	\$16.66-17.85	\$15.37-16.45	\$14.52-15.42	\$14.60-15.47	\$14.29-15.14	\$14.77-15.63	\$16.76-17.71	\$17.09-18.04	\$16.79-17.74
Dover	323,096,400	17.06-19.49	15.73-17.71	14.53-18.14	13.69-17.38	13.97-16.37	13.77-16.65	14.21-17.36	15.91-19.64	16.48-18.90	16.89-19.71
Norway	777,703,200	15.64-18.89	16.12-18.24	13.99-17.36	13.93-15.73	14.05-15.63	14.10-16.56	14.56-16.96	15.38-18.28	15.41-17.68	14.87-17.28
Raymond	436,745,400	16.89-19.80	16.66-18.19	15.30-17.29	15.45-16.61	14.95-15.65	14.83-16.52	15.88-16.81	18.27-19.54	18.30-18.64	17.97-18.70
Rochester (e)	n/a	15.83-18.46	15.66-18.24	14.49-16.97	13.81-16.68	13.90-15.78	n/a	n/a	n/a	n/a	n/a
Waterford	738,543,000	16.48-18.33	17.60-18.02	15.09-16.58	16.35-16.83	16.10-16.39	16.02-16.12	16.55-16.92	17.30-17.50	17.57-17.80	18.07-18.67
Yorkville	498,882,900	16.86-18.47	16.62-17.88	15.29-16.58	15.40-16.42	15.46-16.42	15.90-16.82	16.26-17.14	18.24-19.47	17.56-18.55	18.21-20.19
Villages:											
Caledonia	\$ 1,996,039,300	\$17.52-20.47	\$17.38-19.76	\$15.99-18.01	\$15.08-16.83	\$14.68-16.30	\$15.18-16.77	\$16.19-17.46	\$16.20-17.51	\$16.80-18.12	\$20.17-21.65
Elmwood Park	37,230,400	16.13	15.99	15.00	14.33	14.07	14.79	15.74	16.08	16.11	17.29
Mount Pleasant	2,349,445,700	17.84-19.30	17.90-18.77	16.65-17.42	16.10-16.81	15.09-15.72	15.85-16.46	16.82-17.12	18.49-18.81	20.61-20.96	21.98-22.33
North Bay	35,443,400	19.14	17.84	16.59	15.81	14.50	17.43	17.43	21.83	22.04	23.38
Rochester	332,202,000	17.27	16.71	15.87	15.73	15.71	13.48-15.44	14.14-16.56	15.14-17.61	15.40-17.79	15.97-18.67
Sturtevant	331,336,000	20.15	19.62	18.18	17.52	17.40	17.99	18.82	20.82	21.08	23.16
Union Grove	287,076,900	21.23	20.40	19.11	20.14	19.00	19.33	20.16	21.88	21.53	23.63
Waterford	390,730,300	22.14	21.56	19.63	19.65	19.51	19.73	21.40	21.46	21.76	21.89
Wind Point	236,205,000	17.32	16.58	15.03	14.41	13.84	14.30	15.24	16.32	16.98	17.05

**Notes:**

Source: Racine County budgets and Racine County Real Property Lister

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

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 9 - RATIOS OF OUTSTANDING DEBT BY TYPE**  
For the fiscal years ended December 31, 2003 through 2012

Fiscal Year	Equalized Valuation (a)	Governmental Activities			Business-type Activities		Total Primary Government Debt	Percent of Debt to Equalized Valuation	Percent of Debt to Personal Income (b)	Debt Per Capita (b)
		Tax Exempt General Obligation Bonds/Notes	State Trust Fund Loans	Taxable General Obligation Bonds	General Obligation Bonds/Notes					
2003	\$ 10,170,481,400	\$ 19,150,000	\$ 184,100	\$ 10,295,000	\$ 4,520,000	\$ 34,149,100	0.34%	0.57%	\$ 178.72 (c)	
2004	10,965,780,800	17,921,517	168,079	10,225,000	6,368,483	34,683,079	0.32%	0.56%	180.78	
2005	12,081,482,000	17,401,517	152,517	10,120,000	6,328,483	34,002,517	0.28%	0.54%	175.96	
2006	13,298,078,200	35,785,480	136,255	9,985,000	5,794,401	51,701,136	0.39%	0.78%	265.71 (c)	
2007	14,830,365,800	34,938,060	119,261	9,815,000	5,371,724	50,244,045	0.34%	0.72%	257.51	
2008	15,659,760,100	35,424,637	101,515	9,605,000	5,030,364	50,161,516	0.32%	0.69%	255.51	
2009	15,992,707,300	36,039,116	82,958	9,355,000	4,570,885	50,047,959	0.31%	0.69%	254.85	
2010	15,912,047,700	36,857,303	63,566	9,055,000	4,092,697	50,068,566	0.31%	0.68%	256.23	
2011	15,228,632,600	39,439,198	43,301	8,705,000	3,595,800	51,783,299	0.34%	0.69%	265.25	
2012	15,041,416,400	49,924,499	-	-	8,065,501	57,990,000	0.39%	*	296.80	

**Notes:**

- (a) Value as reduced by tax incremental financing districts
- (b) Calculated using population and personal income data found in table 11.
- (c) Increases due to issuance of debt for payment of unfunded WRS liability in 2003 and jail expansion project in 2006.
- \* Information not available

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

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 10 - RATIOS OF GENERAL BONDED DEBT**  
For the fiscal years ended December 31, 2003 through 2012

<b>Fiscal Year</b>	<b>Total General Bonded Debt (Table 9)</b>	<b>Reserved Funds for Debt Service</b>	<b>Net General Bonded Debt</b>	<b>Total Taxable Equalized Value (Table 5)</b>	<b>Net General Bonded Debt to Equalized Property Value</b>	<b>Population (Table 12)</b>	<b>Net General Bonded Debt Per Capita</b>
2003	\$ 34,149,100	\$ 1,395,994	\$ 32,753,106	\$ 10,170,481,400	0.32%	191,079	\$ 171.41
2004	34,683,079	1,152,801	33,530,278	10,965,780,800	0.31%	191,853	174.77
2005	34,002,517	827,195	33,175,322	12,081,482,000	0.27%	193,239	171.68
2006	51,701,136	694,569	51,006,567	13,298,078,200	0.38%	194,580	262.14
2007	50,244,045	702,099	49,541,946	14,830,365,800	0.33%	195,113	253.91
2008	50,161,516	528,930	49,632,586	15,659,760,100	0.32%	196,321	252.81
2009	50,047,959	682,567	49,365,392	15,992,707,300	0.31%	196,380	251.38
2010	50,068,566	361,848	49,706,718	15,912,047,700	0.31%	195,408	254.37
2011	51,783,299	193,570	51,589,729	15,228,632,600	0.34%	195,225	264.26
2012	57,990,000	400,582	57,589,418	15,041,416,400	0.38%	195,386	294.75

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

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 11 - LEGAL DEBT MARGIN INFORMATION,**  
**For the fiscal years ended December 31, 2003 through 2012**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Equalized Value of Taxable Property (a)	\$ 10,965,780,800	\$ 12,081,482,000	\$ 13,298,078,200	\$ 14,830,365,800	\$ 15,659,760,100	\$ 15,992,707,300	\$ 15,912,047,700	\$ 15,228,632,600	\$ 15,041,416,400	\$ 14,116,994,900
Wisconsin Statutory Debt Limit (b)	\$ 548,289,040	\$ 604,074,100	\$ 664,903,910	\$ 741,518,290	\$ 782,988,005	\$ 799,635,365	\$ 795,602,385	\$ 761,431,630	\$ 752,070,820	\$ 705,849,745
Debt Applicable to Limit:										
General Obligation Debt (c)	\$ 34,149,100	\$ 34,683,079	\$ 34,002,517	\$ 51,701,136	\$ 50,244,045	\$ 50,161,516	\$ 50,047,959	\$ 50,068,566	\$ 51,783,299	\$ 57,990,000
Less Debt Service Funds	(1,395,994)	(1,152,801)	(827,195)	(694,569)	(702,099)	(528,930)	(682,567)	(361,848)	(193,570)	(400,582)
Total net debt applicable to limit	\$ 32,753,106	\$ 33,530,278	\$ 33,175,322	\$ 51,006,567	\$ 49,541,946	\$ 49,632,586	\$ 49,365,392	\$ 49,706,718	\$ 51,589,729	\$ 57,589,418
Legal Debt Margin	\$ 515,535,934	\$ 570,543,822	\$ 631,728,588	\$ 690,511,723	\$ 733,446,059	\$ 750,002,779	\$ 746,236,993	\$ 711,724,912	\$ 700,481,091	\$ 648,260,327
Debt Capacity Used	6.0%	5.6%	5.0%	6.9%	6.3%	6.2%	6.2%	6.5%	6.9%	8.2%

- Notes:
- (a) The Equalized value shown on this table is as of January 1 of each year.
  - (b) State statutes limit the County's general obligation debt to 5% of its total equalized value.
  - (c) The County annually issues debt for budgeted capital projects. In 2003, the County issued an additional \$10.47 million to pay the unfunded pension liability of the County to the Wisconsin Retirement System (debt was issued at a lower rate than the 8% rate being paid to WRS). In 2006, the County issued an additional \$18.97 million to fund the jail expansion.

**COUNTY OF RACINE**  
**TABLE 12 - DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**For the fiscal years ended December 31, 2003 through 2012**

Year	Population (a)	Per Capita	Personal	School Enrollment (c)		Unemployment Rates (d)	
		Personal Income (b)	Income (a) x (b)	Public Schools	Private Schools	Racine County	State of Wisconsin
2003	191,079	\$ 31,323	\$ 5,985,167,517	21,565	4,393	7.0%	5.6%
2004	191,853	32,447	6,225,054,291	21,457	4,533	6.0%	5.0%
2005	193,239	32,458	6,272,151,462	21,244	4,348	6.0%	4.8%
2006	194,580	34,078	6,630,897,240	21,175	4,262	5.7%	4.7%
2007	195,113	35,763	6,977,826,219	21,696	4,134	6.0%	4.8%
2008	196,321	37,012	7,266,232,852	21,552	4,159	5.7%	4.8%
2009	196,380	36,708	7,208,717,040	21,172	4,058	10.1%	8.5%
2010	195,408	37,530	7,333,662,240	21,276	3,737	10.0%	8.3%
2011	195,225	38,425	7,501,520,625	21,100	3,617	8.9%	7.5%
2012	195,386	*	*	30,524	4,829	9.2%	7.4%

\* Information not available

Sources:

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

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

<u>Employer</u>	<u>2012</u>		<u>2003</u>	
	<u>Employees</u>	<u>Rank</u>	<u>Employees</u>	<u>Rank</u>
All Saints Medical Center, Inc. (formerly St. Luke's Hospital, Inc.)	1000+	1	1000+	1
Racine Unified School District	1000+	2		
S C Johnson & Son Inc.	1000+	3	1000+	2
CNH America LLC (formerly Case Corp.)	1000+	4	1000+	3
City of Racine	1000+	5		
Wal-Mart Associates, Inc.	500-999	7	500-999	5
Emerson Electric Co	500-999	6	1000+	4
County of Racine	500-999	8		
Department of Corrections	500-999	9		
Aurora Health Care of Southern Lake	500-999	10		
Georgia Auction Service, Inc.			500-999	9
Modine Mfg Co			500-999	6
Bombardier Motor Corp. of America			500-999	7
Johnson Diversy, Inc			500-999	8
Adecco USA Inc			500-999	10

Source: Wisconsin Department of Workforce Development, Office of Economic Advisors



**COUNTY OF RACINE, WISCONSIN**  
**TABLE 14 - COUNTY GOVERNMENT FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM**  
**For the fiscal years ended December 31, 2003 through 2012**

<b>Function / Program</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>General Government:</b>										
Building & Facilities Management Division	17.80	14.80	14.00	13.00	12.00	12.00	12.32	12.38	12.38	13.00
Clerk of Circuit Court Office	38.00	37.00	36.00	40.00	39.00	39.00	40.00	40.00	38.63	33.50
Corporation Counsel	5.60	5.60	5.60	5.60	5.30	5.30	5.30	5.20	5.10	5.10
County Board	24.00	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.00	21.00
County Clerk	4.00	3.50	3.50	3.50	3.50	3.50	3.50	3.50	4.00	4.25
County Executive	2.40	2.25	2.25	2.25	2.25	2.25	2.18	2.18	2.18	2.18
County Treasurer	4.50	4.50	4.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00
District Attorney's Office	12.50	11.50	11.00	10.00	10.70	10.70	10.90	10.05	10.05	9.65
Finance Department (d)	11.50	11.00	10.00	12.50	12.50	12.75	10.03	9.38	11.83	11.90
Human Resources Department	8.00	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Information Systems Department	21.00	12.00	8.00	8.00	8.00	6.00	6.00	6.00	7.00	7.00
Land Information Office	1.40	1.40	1.60	1.60	1.80	2.60	0.25	0.25	0.32	0.25
Medical Examiner Office	2.70	2.08	2.08	2.08	2.08	2.08	1.83	1.83	1.83	1.08
Print & Mail Division	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Real Property Lister Division	3.00	3.00	2.50	2.44	2.44	2.44	2.44	2.44	2.44	2.44
Register of Deeds	7.00	7.00	6.50	6.44	6.44	6.44	6.44	5.44	5.44	5.44
UW - Extension	3.00	2.00	2.00	2.00	0.70	-	-	-	-	-
Veterans Service Office	2.50	1.50	1.50	1.50	2.00	2.00	2.00	2.00	2.00	2.00
Victim Witness Office	7.50	7.00	7.50	6.50	6.45	6.45	6.45	6.45	7.33	7.33
<b>Public Safety:</b>										
Dispatch (c)	18.00	46.00	47.00	47.00	19.00	20.00	19.00	19.00	-	-
Communications Department (c)	-	-	-	-	-	-	-	-	51.00	51.00
Emergency Management Office	1.30	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.18
Jail and Jail Alternatives	123.00	114.00	114.00	114.00	123.00	123.00	116.08	106.08	106.08	102.08
Sheriff's Office	140.00	135.70	132.70	119.70	119.65	120.65	121.43	117.15	120.70	119.00
<b>Health and Social Services:</b>										
Child Support Division	47.00	44.00	38.00	36.50	32.30	29.30	28.30	28.28	28.25	28.25
Family Court Commissioner (e)	10.00	7.00	6.00	5.00	5.00	5.00	5.00	5.00	-	-
Human Services Division	227.00	217.50	211.50	205.00	199.50	196.50	196.50	182.00	182.00	168.50
Ridgewood Care Center	168.20	166.20	157.53	149.33	148.90	149.90	149.08	148.08	148.08	144.68
<b>Education and Recreation:</b>										
County Schools Office (b)	184.50	190.50	188.80	-	-	-	-	-	-	-
Parks Division (a)	32.10	28.90	28.90	29.30	28.90	27.57	27.57	14.65	14.65	8.92
<b>Development:</b>										
Land Conservation Division	2.00	2.00	3.00	3.50	3.50	3.50	3.50	3.50	3.50	2.70
Planning and Development	13.60	11.60	9.40	8.90	8.70	7.90	6.25	6.25	6.18	5.60
Highways and Streets - Highway Division (a)	77.90	74.90	73.90	73.41	71.27	71.54	72.54	66.48	66.48	60.73
	<b>1,223.00</b>	<b>1,198.30</b>	<b>1,163.13</b>	<b>946.41</b>	<b>912.25</b>	<b>904.74</b>	<b>891.74</b>	<b>840.41</b>	<b>873.78</b>	<b>830.72</b>

**Notes:**

Source - County's annual budget report

(a) Includes Seasonal FTE's

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

(c) 2004 through 2006 included 28 FTE positions in the event of a joint dispatch.

In 2011, Dispatch ceased to exist and a Communication Dept was created to run the Racine County Joint Dispatch.

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

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

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 15 - OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**For the fiscal years ended December 31, 2003 through 2012**

<u>Function / Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Public Safety - Sheriff</b>										
Calls for Service (a) (f)	63,965	63,941	64,839	59,372	57,376	49,761	49,116	55,999	55,220	72,156
Arrests (e)	22,501	25,024	25,685	21,486	21,985	20,804	22,145	29,118	31,085	37,233
Sworn Personnel	201	192	180	167	165	150	141	134	136	136
Average Daily Jail Population	636	645	671	683	723	788	790	702	688	675
Jail Bookings	10,859	10,680	10,829	11,650	11,624	11,118	10,642	9,710	9,676	9,285
<b>Health and Social services - Human Service</b>										
Economic Support Services										
Unduplicated Caseload (b)	11,270	12,001	12,529	12,828	13,851	15,997	16,027	15,308	17,942	22,157
Youth Apprehended (d)	1,057	1,033	1,050	891	799	720	630	1,224	1,350	1,230
Mental Health Inpatient Days	4,804	3,101	3,929	3,577	3,914	4,059	4,135	4,239	3,527	3,366
WDC Job Center of Wisconsin listings	2,655	6,137	9,768	7,808	8,555	2,870	1,527	4,107	4,089	4,602
<b>Ridgewood Healthcare Center</b>										
Admissions	187	206	373	341	334	476	425	474	449	473
Discharges	190	206	372	354	346	478	420	485	448	447
<b>Education and Recreation - Parks**</b>										
Daily Cliffside Park Camping Nights	7,198	4,848	5,208	5,874	6,603	6,918	5,880	4,533	4,930	4,941
Daily Fischer & Quarry Lake Entrance (c)	27,770	20,097	32,513	25,950	24,970	20,225	17,842	23,444	22,563	24,805
Daily Fischer & Eagle Boat Launches	7,304	6,792	8,191	6,584	6,464	6,449	4,598	5,055	4,562	4,981
<b>Highways and Streets - Lane Miles Maintained</b>										
County	330	330	330	330	340	340	340	340	340	340
State	550	685	685	685	600	677	677	677	677	677

\*\* estimated

(a) Calls for service have steadily decreased due to a reduction in sworn personnel.

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

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

(d) 2010 includes 642 Juveniles which in previous years were paid for

(e) 2010 arrests increased significantly primarily due to the following factors: number made a significant jump. This is due primarily to two factors:

1) the I-94 COP workgroup was fully staffed all year and had a record year of arrests and 2) the County assigned two deputies to a new traffic enforcement group who also made many arrests.

(f) Conveyence numbers increased as part of total. In part, this is due to each individual transported receiving a separate complaint number.

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 16 - CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
For the fiscal years ended December 31, 2003 through 2012

<u>Function / Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Public safety</b>										
Sheriff Patrol Units	25	25	25	25	25	25	27	27	28	28
Sheriff Stations	2	2	2	2	2	2	2	2	2	2
Jail Beds (a)	650	650	650	650	860	876	876	876	876	276
<b>Health and social services</b>										
Licensed Beds at Ridgewood Healthcare Center	210	210	210	210	210	210	210	210	210	200
<b>Education and recreation</b>										
Park Acreage:										
Developed (b)	1,827	1,827	1,827	1,827	1,832	1,832	1832	1,835	1835	1911
Undeveloped	755	772	794	837	841	841	841	862	862	862
Bike Trails Miles	29	33	34	34	34	34	39	39	39	39
Parkways Acres	656	673	694	694	694	694	695	716	716	716
<b>Highways and streets</b>										
Vehicles and Pieces of Equipment	700	700	700	700	672	623	620	576	578	549
Centerline Miles of County Roads	330	330	330	330	165	170	170	170	170	170
Bridges	16	16	16	16	16	16	16	16	16	16
Dams	6	6	6	6	6	6	6	6	6	6
Car Pool Fleet (Administered by PW)	12	12	12	12	12	12	12	11	10	12

Notes:

- (a) Increase of jail beds in 2007 is due to the jail expansion project that was completed during 2007.
- (b) Increase of Developed Acreage in 2012 due to purchase of Riverbend