

A tall, white, cylindrical lighthouse with a black lantern room and a red roof on the adjacent building. The lighthouse is set against a clear blue sky with light clouds. In the foreground, there is a green lawn, a large evergreen tree, and a deciduous tree. The building next to the lighthouse has a red roof and several windows.

County of Racine  
Comprehensive Annual Financial Report  
For the year ended December 31, 2013

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

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
For the year ended December 31, 2013

Prepared by:  
Racine County Finance Department

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## **INTRODUCTORY SECTION**

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**COUNTY OF RACINE**  
**FINANCE DEPARTMENT**  
**Margaret M. Hamers, Interim Finance Director**  
730 Wisconsin Avenue  
Racine, Wisconsin 53404  
262-636-3706 Toll Free 800-242-4202

June 27, 2012

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

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Racine for the fiscal year ended December 31, 2013. To satisfy requirements of state law and Racine County Ordinance, this report has been prepared by the County's Finance Department in conformity with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

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

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

The County is required to undergo an annual single audit in 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 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 2013 unemployment rate of 7.6% is lower than the 8.4% reported at the end of 2012. 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.** To plan for the future, Racine County engages in a strategic planning process which focuses on long term planning and development of a plan that responds to changing national economic conditions, including the impact of technology on business and the loss of jobs in our community. As part of long range planning, the County develops a five-year capital improvement plan. The plan identifies major capital improvement projects and the methods to finance them.

**Major Initiatives.** The 2014 budget includes plans for

- Several road projects including Highways D, J, P, W, and X and adding a roundabout at the intersection of Highways Y and 36.
- Continued expansion of the county's revolving loan fund provided by Racine County Economic Development Corporation to advance economic development of the entire county.
- Replacing the aging Rochester Truck Storage Building for employee and equipment safety.
- Adding security to the courthouse similar to the County's Law Enforcement Center to ensure the safety of all who use the facility on a daily basis.
- Continued Lean Government initiatives across all County areas including implementing an on-line recruiting and applicant tracking system and paperless pay stubs for most employees.

### **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 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, 2013, 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.

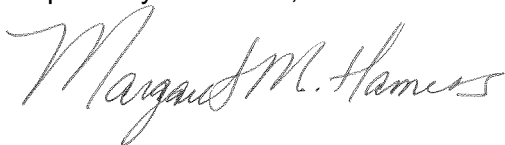
Racine County also provides postemployment health benefits for certain retirees and their dependents, which are financed on a pay-as-you-go basis. Additional information on Racine County's pension arrangements and postemployment benefits can be found in Notes IV.D and IV.E of the notes to the financial 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, 2012. In order to be awarded a Certificate of Achievement, the county must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. I believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Margaret M. Hamers  
Interim Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

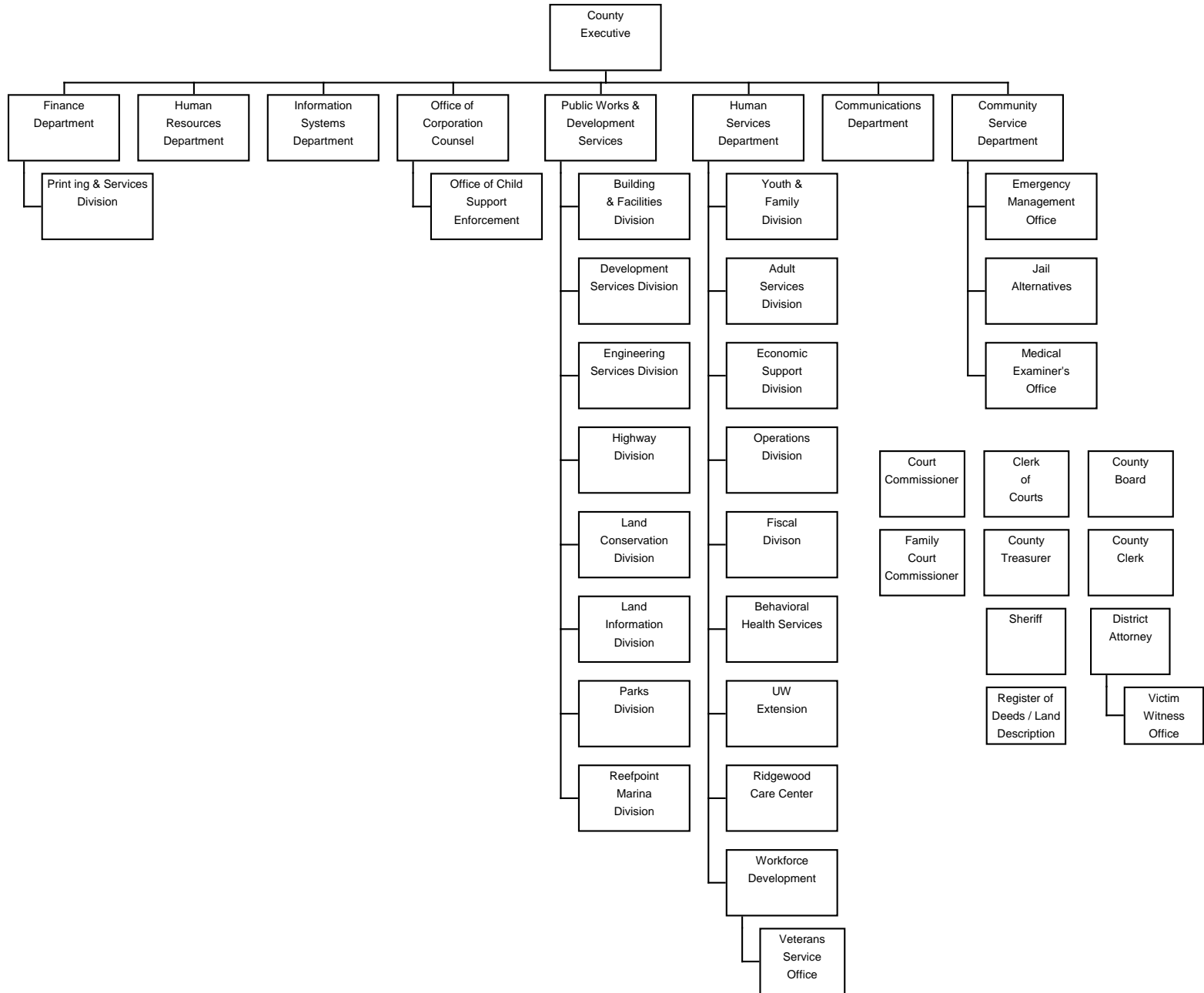
Presented to

**County of Racine  
Wisconsin**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO



# 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 \*

Interim Finance Director.....Margaret M. Hamers  
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, 2013, 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, 2013 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. 65, *Items Previously Reported as Assets and Liabilities*, effective January 1, 2013. Our opinions are not modified with respect to this matter.

Effective January 1, 2013, the County of Racine began reporting Behavioral Health Services activity as an enterprise fund. The Behavioral Health Services fund accounts for new services provided by the County of Racine.

### ***Other Matters***

#### ***Required Supplementary Information***

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.

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

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Racine's basic financial statements. The supplementary information such as combining and individual fund financial statements and schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 and schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States of America, the County of Racine's basic financial statements for the year ended December 31, 2012, which are not presented with the accompanying financial statements. In our report dated June 24, 2013, we expressed an opinion that the 2012 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2012, as a whole.

*Other Information*

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

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

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

*Baker Tilly Vinchow Krause, LLP*

Milwaukee, Wisconsin  
June 26, 2014

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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, 2013**

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, 2013. 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 2013 year by \$51.7 million (*net position*), \$43.1 million in governmental activities and \$8.6 million in business-type activities. The unrestricted net position of the County was a negative \$27.4 million.
- The County's total net position increased by \$2.6 million. Governmental activities increased the County's net position by \$3.2 million, and business-type activities decreased net position by \$0.6 million.
- On December 31, 2013, the County's governmental funds reported combined fund balances of \$60 million, an increase of \$2.9 million from 2012. Approximately \$15.7 million, or 26.2% of the combined fund balance, is available for spending at the government's discretion (*unassigned fund balance*).

**Overview of the Financial Statements**

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

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

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

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

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, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2013**

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 and the Human Services Fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements 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, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2013**

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

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

The proprietary fund financial statements can be found on pages 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 35-71 of this report.

**Required supplementary information** provides information on the funding progress of the County's other postemployment benefits (OPEB) on page 72 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 73-85 of this report. Detailed schedules of capital assets used in operation of governmental funds can be found on pages 86-88 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 \$51.7 million at the close of the most recent fiscal year.

**COUNTY OF RACINE, WISCONSIN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**As of and for the Year Ended December 31, 2013**

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

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

RACINE COUNTY'S NET POSITION  
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated
	Current and other assets	\$ 133,129	\$ 132,365	\$ 4,926	\$ 5,380	\$ 138,055
Capital assets	111,998	107,488	13,550	13,211	125,548	120,699
Total assets	<u>245,127</u>	<u>239,853</u>	<u>18,476</u>	<u>18,591</u>	<u>263,603</u>	<u>258,444</u>
Deferred outflows	<u>1,461</u>	<u>111</u>	<u>131</u>	<u>146</u>	<u>1,592</u>	<u>257</u>
Long-term liabilities	141,442	134,835	7,778	8,430	149,220	143,265
Other liabilities	10,742	14,213	2,236	1,076	12,978	15,289
Total liabilities	<u>152,184</u>	<u>149,048</u>	<u>10,014</u>	<u>9,506</u>	<u>162,198</u>	<u>158,554</u>
Deferred inflows	<u>51,294</u>	<u>51,012</u>	<u>-</u>	<u>-</u>	<u>51,294</u>	<u>51,012</u>
Net position						
Net investment in capital assets	70,794	70,301	6,416	6,454	77,210	76,755
Restricted	1,894	864	-	-	1,894	864
Unrestricted (deficit)	<u>(29,578)</u>	<u>(31,261)</u>	<u>2,177</u>	<u>2,777</u>	<u>(27,401)</u>	<u>(28,484)</u>
Total net position	<u>\$ 43,110</u>	<u>\$ 39,904</u>	<u>\$ 8,593</u>	<u>\$ 9,231</u>	<u>\$ 51,703</u>	<u>\$ 49,135</u>

The County has restated 2012 as a result of the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Details of this restatement can be found in Note III.G.

**COUNTY OF RACINE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2013**

As shown in the following table, the County's net position increased by \$2.6 million during the year.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 9,849	\$ 11,212	\$ 25,712	\$ 17,901	\$ 35,561	\$ 29,113
Operating grants and contributions	36,635	43,786	-	-	36,635	43,786
Capital grants and contributions	1,637	1,088	-	-	1,637	1,088
General Revenues:						
Property taxes	51,378	51,540	-	-	51,378	51,540
Other taxes	-	93	-	-	-	93
Grants not restricted to specific programs	2,758	2,712	-	-	2,758	2,712
Other	4,694	4,870	-	-	4,694	4,870
<b>Total revenues</b>	<u>106,951</u>	<u>115,301</u>	<u>25,712</u>	<u>17,901</u>	<u>132,663</u>	<u>133,202</u>
<b>Expenses:</b>						
General government	13,558	21,188	-	-	13,558	21,188
Public safety	37,878	36,177	-	-	37,878	36,177
Health and social services	37,251	46,463	-	-	37,251	46,463
Education and recreation	5,581	5,841	-	-	5,581	5,841
Development	2,354	4,522	-	-	2,354	4,522
Highways and streets	5,233	6,271	-	-	5,233	6,271
Interest and fiscal charges	1,673	1,657	-	-	1,673	1,657
Healthcare Center	-	-	16,355	17,151	16,355	17,151
Reefpoint Marina	-	-	1,249	1,181	1,249	1,181
Behavioral Health Services	-	-	8,675	-	8,675	-
Golf Courses	-	-	288	262	288	262
<b>Total expenses</b>	<u>103,528</u>	<u>122,119</u>	<u>26,567</u>	<u>18,594</u>	<u>130,095</u>	<u>140,713</u>
<b>Change in net position before transfers</b>	3,423	(6,818)	(855)	(693)	2,568	(7,511)
Transfers	(217)	(1,133)	217	1,133	-	-
<b>Change in net position</b>	3,206	(7,951)	(638)	440	2,568	(7,511)
<b>Restatement of net position</b>	-	(339)	-	(53)	-	(392)
<b>Net position - beginning</b>	39,904	48,194	9,231	8,844	49,135	57,038
<b>Net position - ending</b>	<u>\$ 43,110</u>	<u>\$ 39,904</u>	<u>\$ 8,593</u>	<u>\$ 9,231</u>	<u>\$ 51,703</u>	<u>\$ 49,135</u>

As noted above, the County restated net position as of December 31, 2012 as a result of implementation of GASB Statement No. 65.

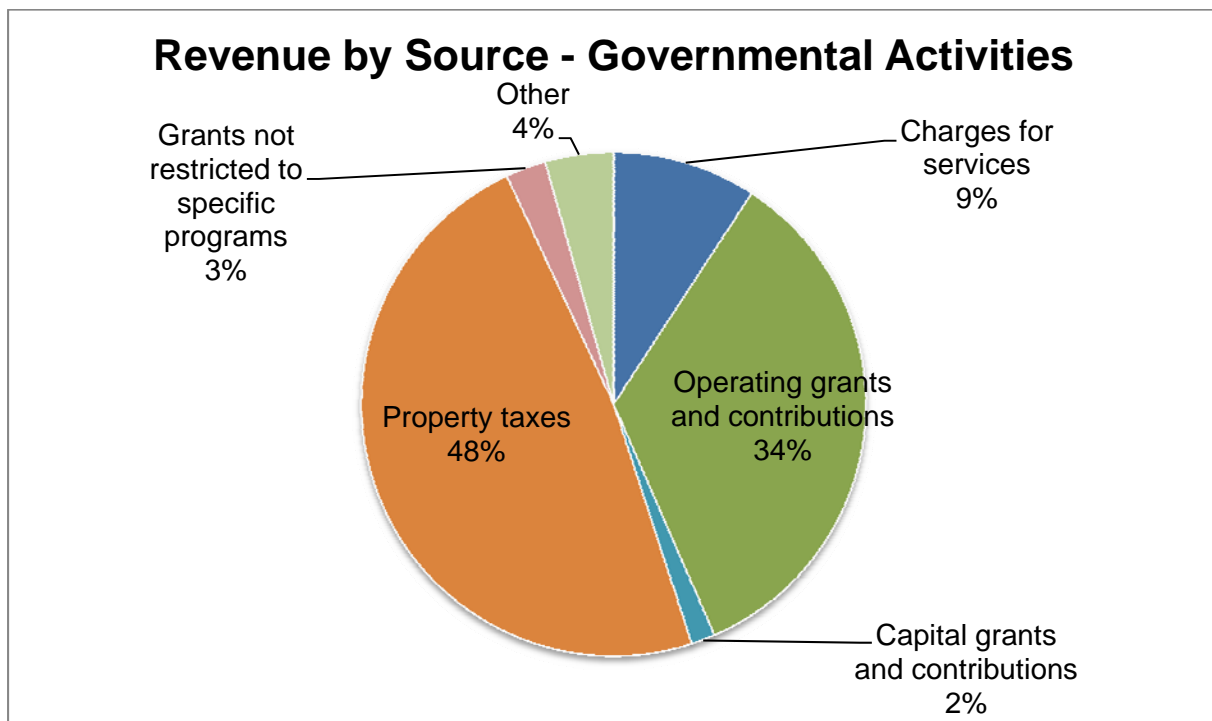
**COUNTY OF RACINE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2013**

**Governmental Activities**

Revenues for the County's governmental activities were \$106.9 million for fiscal year 2013, representing a decrease of \$8.3 million, or 7.2%, over fiscal year 2012. The decrease is primarily due to reduced funding from the state for human services and Sheriff departments. Sources of revenue for 2013 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 \$18.6 million, or 15.2%. The majority of the decrease is again due reduced funding from the state for human services and Sheriff departments which resulted in a decrease in human service department grant spending.

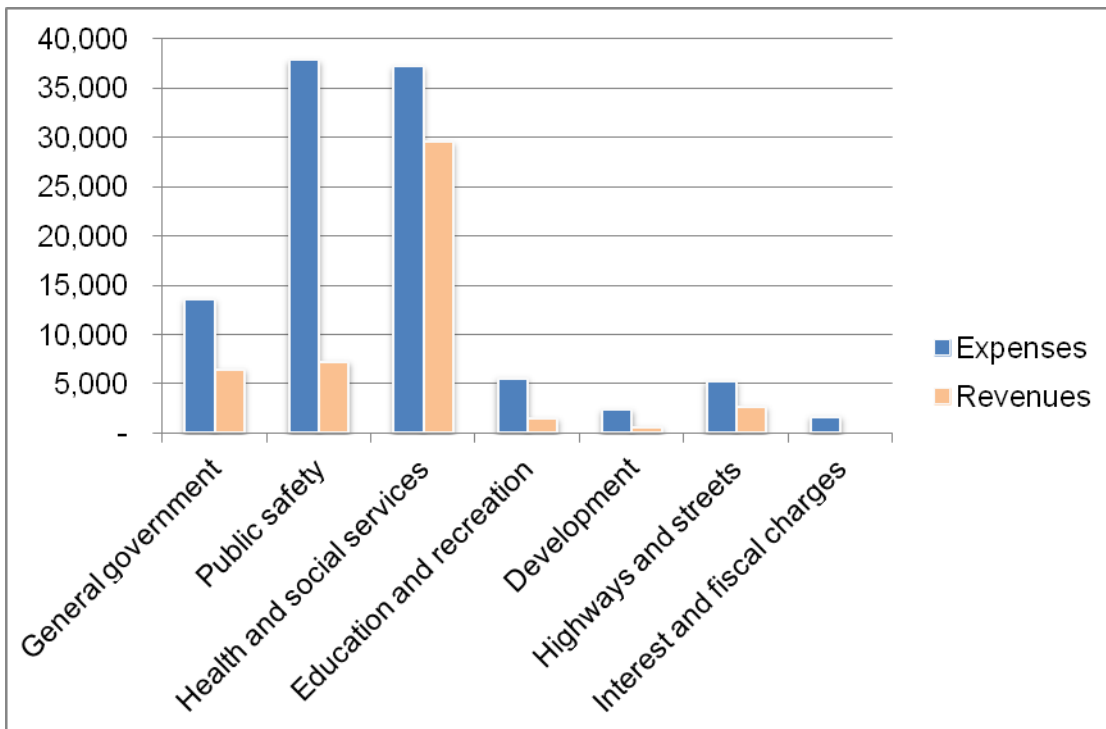
The decrease in net position for 2013 is the result of the change in the County's other postemployment obligation.



**COUNTY OF RACINE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2013**

Governmental activities expenses exceeded program revenues by \$55.4 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 revenues exceed expenses by \$3.2 million after transfers. The following graph illustrates the expenses and program revenues, which does not include general revenues, for each area.

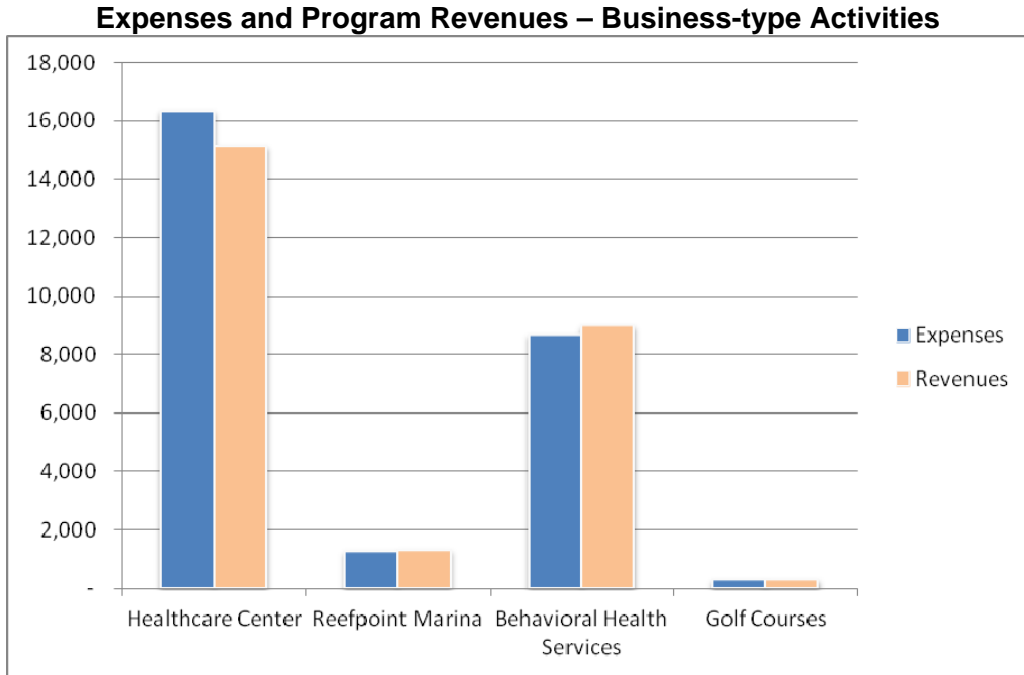
**Expenses and Program Revenues – Governmental Activities**



**COUNTY OF RACINE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2013**

**Business-type Activities**

Business-type activities (before transfers) decreased the County's net position by \$0.6 million. This is comparable to prior years and is the result of charges for services covering related program expenses.



**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 \$60 million, an increase of \$2.9 million in comparison with the prior year. Approximately 26.1% of this amount, \$15.7 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, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2013**

The General fund is the chief operating fund of the County. At year end, total fund balance of the General fund was \$48.1 million, of which 33%, or \$15.7 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 22.3% of total General fund expenditures and transfers out, while total fund balance represents 68.3% of that same amount.

Fund balance of the County's General fund increased \$2.4 million from the prior year.

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 \$3.2 million includes \$3.2 million of funds assigned for specific purposes. Fund balance of the Human Services department increased by \$0.8 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 \$0.6 million. Total net position decreased by \$1.0 million. Unrestricted net position of the Behavioral Health Services at the end of the year was \$0.3 million, a 100% increase, as this is a new fund in 2013.

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 \$8.7 million increase in appropriations. Carryovers and encumbrances accounted for nearly \$5.9 million (68%) of the increase. This amount was budgeted from available fund balance. The remaining \$2.8 million increase is mainly attributable to grants and other items, including:

- \$288,000 of Sheriff grants for increased enforcement of drunk driving and seat belt laws and provide additional deputy presence on I-94.
- \$487,000 of grants for jail alternative programs including the new Veteran's Court program.
- \$1.2 million of grants for improvements at Pershing Park.

Actual revenues of the general fund were \$0.6 million over the final amended budget. Intergovernmental revenues were \$0.3 million over budget due to the additional capital grants for park improvements and miscellaneous revenues were \$0.3 million over budget due to copier pool revenues which are not budgeted.

Actual expenditures of the general fund were \$11.3 million under the final amended budget. Of that amount, \$11 million was carried forward to 2014 for budgeted projects and grants which were not completed in 2013.



**COUNTY OF RACINE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2013**

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, 2013, amounted to \$125.5 million (net of accumulated depreciation), an increase of \$4.8 million from 2012. 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:

- Investment in the Harbor infrastructure for \$4.7 million.
- Establishing the Behavioral Health Clinic for \$0.5 million.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 21,812	\$ 21,812	\$ 1,132	\$ 1,132	\$ 22,944	\$ 22,944
Construction in progress	3,399	6,789	66	137	3,465	6,926
Buildings	39,153	39,744	9,224	8,563	48,377	48,307
Improvements	12,169	5,764	2,629	2,883	14,798	8,647
Machinery and equipment	6,689	7,094	499	496	7,188	7,590
Infrastructure	28,776	26,285	-	-	28,776	26,285
<b>Total</b>	<b>\$ 111,998</b>	<b>\$ 107,488</b>	<b>\$ 13,550</b>	<b>\$13,211</b>	<b>\$ 125,548</b>	<b>\$ 120,699</b>

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 \$59.7 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, 2013 the County's total amount applicable to the debt margin (outstanding notes less debt service fund balance) is \$58.0 million, which is significantly below the legal limit of \$671.9 million. The net debt per capita remained consistent with the previous year at \$297 at year end.

During the year, the County issued \$7.02 million of general obligation promissory notes to finance the cost of capital improvements within the County. The County also issued \$14.88 million of general obligation debt to refund general obligation debt issued in 2006, 2007, and 2008.

**COUNTY OF RACINE, WISCONSIN  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
As of and for the Year Ended December 31, 2013**

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**

The 2014 general county-wide levy, which covers operations and debt services, remained virtually the same as 2013. Other tax levies of the County include bridge aids, library, and county schools. Overall, the County's total tax levy increased by 0.55% or \$282,000 from 2013.

**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**  
**December 31, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 50,009,442	\$ 219,749	\$ 50,229,191
Receivables (net of allowance for uncollectibles)	82,132,017	2,791,951	84,923,968
Internal balances	(1,627,833)	1,627,833	-
Inventories	594,610	86,645	681,255
Prepaid items	854,143	61,258	915,401
Restricted cash and investments	1,166,088	138,669	1,304,757
Capital assets not being depreciated:			
Land	21,812,455	1,131,762	22,944,217
Construction in progress	3,399,038	65,895	3,464,933
Capital assets being depreciated, net	86,786,797	12,352,449	99,139,246
Total assets	245,126,757	18,476,211	263,602,968
<b>DEFERRED OUTFLOWS</b>			
Deferred charges from debt refunding	1,461,476	130,960	1,592,436
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	9,807,058	1,447,420	11,254,478
Accrued interest payable	533,406	19,793	553,199
Due to other governments	151,061	-	151,061
Grant and user fee advances	250,692	688,398	939,090
Deposits	-	80,519	80,519
Noncurrent liabilities:			
Due within one year	9,393,291	933,972	10,327,263
Due in more than one year	132,049,031	6,843,957	138,892,988
Total liabilities	152,184,539	10,014,059	162,198,598
<b>DEFERRED INFLOWS</b>			
Unearned revenues	51,293,657	-	51,293,657
<b>NET POSITION</b>			
Net investment in capital assets	70,793,526	6,416,321	77,209,847
Restricted for:			
Recreational land acquisition	312,246	-	312,246
Expendable Endowments	192,739	-	192,739
Nonexpendable Endowments	264,246	-	264,246
Debt Service	1,125,099	-	1,125,099
Unrestricted (deficit)	(29,577,819)	2,176,791	(27,401,028)
Total net position	\$ 43,110,037	\$ 8,593,112	\$ 51,703,149

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2013

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net (Expenses) Revenue and Changes in Net Position</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Governmental activities:							
General government	\$ 13,558,550	\$ 4,573,756	\$ 1,919,478	\$ -	\$ (7,065,316)	\$ -	\$ (7,065,316)
Public safety	37,877,728	2,921,337	4,334,920	-	(30,621,471)	-	(30,621,471)
Health and social services	37,250,748	1,857,573	27,735,837	-	(7,657,338)	-	(7,657,338)
Education and recreation	5,581,326	266,987	67,462	1,148,541	(4,098,336)	-	(4,098,336)
Development	2,353,909	229,684	379,862	-	(1,744,363)	-	(1,744,363)
Highways and streets	5,232,742	-	2,198,008	488,147	(2,546,587)	-	(2,546,587)
Interest and fiscal charges	1,673,271	-	-	-	(1,673,271)	-	(1,673,271)
Total governmental activities	<u>103,528,274</u>	<u>9,849,337</u>	<u>36,635,567</u>	<u>1,636,688</u>	<u>(55,406,682)</u>	<u>-</u>	<u>(55,406,682)</u>
Business-type activities:							
Healthcare Center	16,355,002	15,148,338	-	-	-	(1,206,664)	(1,206,664)
Reefpoint Marina	1,249,377	1,286,692	-	-	-	37,315	37,315
Behavioral Health Services	8,674,917	8,982,852	-	-	-	307,935	307,935
Golf Courses	287,433	294,076	-	-	-	6,643	6,643
Total business-type activities	<u>26,566,729</u>	<u>25,711,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(854,771)</u>	<u>(854,771)</u>
Total	<u>\$ 130,095,003</u>	<u>\$ 35,561,295</u>	<u>\$ 36,635,567</u>	<u>\$ 1,636,688</u>	<u>(55,406,682)</u>	<u>(854,771)</u>	<u>(56,261,453)</u>
General Revenues:							
Property taxes for general purposes					45,798,417	-	45,798,417
Property taxes for debt service					5,579,694	-	5,579,694
Other taxes					323	-	323
Grants not restricted to specific programs					2,757,895	-	2,757,895
Unrestricted investment earnings					3,487,113	47	3,487,160
Other					1,206,511	-	1,206,511
Transfers					(216,779)	216,779	-
Total general revenues and transfers					<u>58,613,174</u>	<u>216,826</u>	<u>58,830,000</u>
Change in net position					3,206,492	(637,945)	2,568,547
<b>NET POSITION</b>							
Beginning of year - Restated					<u>39,903,545</u>	<u>9,231,057</u>	<u>49,134,602</u>
End of Year					<u>\$ 43,110,037</u>	<u>\$ 8,593,112</u>	<u>\$ 51,703,149</u>

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
As of December 31, 2013

	<u>General</u>	<u>Human Services Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
<b>Assets</b>				
Cash and investments	\$ 50,007,717	\$ 1,025	\$ -	\$ 50,008,742
Receivables:				
Property taxes	44,614,645	-	6,679,012	51,293,657
Delinquent property taxes (net of uncollectibles of \$359,581)	14,249,739	-	-	14,249,739
Loans	2,204,411	-	-	2,204,411
Due from other governments	3,202,696	2,265,854	56,223	5,524,773
Interest and penalties	5,217,725	-	-	5,217,725
Accounts	911,348	1,037,228	-	1,948,576
Due from other funds	1,781,038	3,022,680	8,316,525	13,120,243
Inventories	11,836	-	-	11,836
Prepaid items	846,018	7,381	-	853,399
Restricted cash and investments	312,246	-	853,842	1,166,088
Total assets	<u>\$ 123,359,419</u>	<u>\$ 6,334,168</u>	<u>\$ 15,905,602</u>	<u>\$ 145,599,189</u>

**LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES**

<b>Liabilities</b>				
Accounts payable	\$ 2,101,166	\$ 3,104,791	\$ 484,581	\$ 5,690,538
Accrued liabilities	3,174,652	-	-	3,174,652
Due to other governments	151,061	-	-	151,061
Due to other funds	17,572,320	-	46,588	17,618,908
Grant and user fee advances	233,761	16,931	-	250,692
Total liabilities	<u>23,232,960</u>	<u>3,121,722</u>	<u>531,169</u>	<u>26,885,851</u>

**Deferred Inflows**

Unavailable revenues	7,400,955	-	-	7,400,955
Unearned revenues	44,614,645	-	6,679,012	51,293,657
Total deferred inflows	<u>52,015,600</u>	<u>-</u>	<u>6,679,012</u>	<u>58,694,612</u>

**Fund Balances**

Nonspendable	15,800,363	7,381	264,246	16,071,990
Restricted for				
Recreational land acquisition	312,246	-	-	312,246
Debt service	-	-	1,658,505	1,658,505
Endowments	-	-	192,739	192,739
Committed	16,293,451	10,084	4,126,385	20,429,920
Assigned	-	3,194,981	2,500,134	5,695,115
Unassigned	15,704,799	-	(46,588)	15,658,211
Total fund balances	<u>48,110,859</u>	<u>3,212,446</u>	<u>8,695,421</u>	<u>60,018,726</u>

Total liabilities, deferred inflows, and fund balances	<u>\$ 123,359,419</u>	<u>\$ 6,334,168</u>	<u>\$ 15,905,602</u>	<u>\$ 145,599,189</u>
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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  
December 31, 2013**

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

<b>Fund balances of governmental funds</b>	\$ 60,018,726
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Land	21,812,455
Construction in progress	3,399,038
Capital assets being depreciated, net	86,786,797
Less: Internal service fund capital assets, net of depreciation	(7,414,786)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
	7,400,955
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	(52,262,986)
Unamortized premium on long-term debt	(1,857,329)
Unamortized loss on refunding	1,461,476
Compensated absences	(3,195,805)
Claims and judgments	(3,852,872)
Net OPEB obligation	(80,273,329)
Less: Internal service fund general obligation debt	101,705
Accrued interest on long-term debt	(533,406)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal services funds are in governmental activities.	
	<u>11,519,398</u>
<b>Net position of governmental activities</b>	<u><u>\$ 43,110,037</u></u>

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, 2013**

	<u>General</u>	<u>Human Services Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 44,770,423	\$ -	\$ 6,338,704	\$ 51,109,127
Intergovernmental	12,289,544	25,546,130	2,700,763	40,536,437
Fines and fees	8,441,101	214,599	-	8,655,700
Investment income (loss)	3,490,204	-	(3,091)	3,487,113
Miscellaneous	826,636	759,255	827,496	2,413,387
Total revenues	<u>69,817,908</u>	<u>26,519,984</u>	<u>9,863,872</u>	<u>106,201,764</u>
<b>EXPENDITURES</b>				
Current:				
General government	12,566,127	-	-	12,566,127
Public safety	33,667,840	-	-	33,667,840
Health and social services	6,315,933	30,696,876	-	37,012,809
Education and recreation	4,006,487	-	989,161	4,995,648
Development	1,357,363	-	-	1,357,363
Highways and streets	846,652	-	6,930,477	7,777,129
Capital outlay	2,454,371	-	3,311,587	5,765,958
Debt service:				
Principal retirement	-	-	5,511,131	5,511,131
Interest and fiscal charges	-	-	1,619,324	1,619,324
Total expenditures	<u>61,214,773</u>	<u>30,696,876</u>	<u>18,361,680</u>	<u>110,273,329</u>
Excess (deficiency) of revenues over expenditures	<u>8,603,135</u>	<u>(4,176,892)</u>	<u>(8,497,808)</u>	<u>(4,071,565)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,915,441	6,037,785	6,096,318	15,049,544
Transfers out	(9,124,664)	(1,012,253)	(6,106,751)	(16,243,668)
Issuance of general obligation debt	-	-	7,020,000	7,020,000
Issuance of refunding bonds	-	-	14,880,000	14,880,000
Net premium on issuance of debt	-	-	1,902,105	1,902,105
Payment to escrow agent	-	-	(15,607,538)	(15,607,538)
Total other financing sources (uses)	<u>(6,209,223)</u>	<u>5,025,532</u>	<u>8,184,134</u>	<u>7,000,443</u>
Net change in fund balances	2,393,912	848,640	(313,674)	2,928,878
<b>FUND BALANCES</b>				
Beginning of year	<u>45,716,947</u>	<u>2,363,806</u>	<u>9,009,095</u>	<u>57,089,848</u>
End of year	<u>\$ 48,110,859</u>	<u>\$ 3,212,446</u>	<u>\$ 8,695,421</u>	<u>\$ 60,018,726</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, 2013**

**Net changes in fund balances - total governmental funds** **\$ 2,928,878**

Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of net position.

Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	5,765,958
Some items reported as current expenditures were capitalized	2,990,340
Depreciation is reported in the government-wide financial statements	(4,587,452)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position	(47,722)

The net revenue of the internal service funds is reported with governmental activities. 1,170,792

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements. 749,782

Debt issued provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net position.

Debt issued	(21,900,000)
Principal repaid	5,511,131
Payment to escrow agent	15,607,538

Governmental funds report debt premiums and discounts as other financing sources (uses). However, in the statement of net position, these are deferred and amortized as interest expense in the statement of activities over the period the debt is outstanding.

Net debt premiums and discounts	(1,902,105)
Net amortization of debt premiums and discounts	249,463
Amortization of loss on refunding	(175,901)

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	(198,949)
Compensated absences	(454,739)
Claims and judgments	(349,610)
Net OPEB Obligation	<u>(2,150,912)</u>

**Changes in net position of the governmental activities** **\$ 3,206,492**

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2013**

	<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	\$ 44,673,281	\$ 44,673,281	\$ 44,770,423	\$ 97,142
Intergovernmental	11,167,078	12,021,881	12,289,544	267,663
Fines and fees	8,037,612	8,327,535	8,441,101	113,566
Investment income	3,664,500	3,667,512	3,490,204	(177,308)
Miscellaneous	214,401	494,056	826,636	332,580
Total revenues	<u>67,756,872</u>	<u>69,184,265</u>	<u>69,817,908</u>	<u>633,643</u>
<b>EXPENDITURES</b>				
Current:				
General government	15,634,818	21,978,528	12,566,127	9,412,401
Public safety	34,005,385	35,312,170	33,667,840	1,644,330
Health and social services	6,600,260	6,587,221	6,315,933	271,288
Education and recreation	4,181,055	4,311,048	4,006,487	304,561
Development	1,381,804	1,597,999	1,357,363	240,636
Highways and streets	848,600	848,600	846,652	1,948
Capital outlay	1,246,135	1,921,066	2,454,371	(533,305)
Total expenditures	<u>63,898,057</u>	<u>72,556,632</u>	<u>61,214,773</u>	<u>11,341,859</u>
Excess (deficiency) of revenues over expenditures	<u>3,858,815</u>	<u>(3,372,367)</u>	<u>8,603,135</u>	<u>11,975,502</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,641,541	2,915,441	2,915,441	-
Transfers out	(8,314,046)	(9,185,912)	(9,124,664)	61,248
Total other financing sources (uses)	<u>(6,672,505)</u>	<u>(6,270,471)</u>	<u>(6,209,223)</u>	<u>61,248</u>
Net change in fund balances	<u>\$ (2,813,690)</u>	<u>\$ (9,642,838)</u>	2,393,912	<u>\$ 12,036,750</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>45,716,947</u>	
End of year			<u>\$ 48,110,859</u>	

The accompanying notes are an integral part of this statement.

**COUNTY OF RACINE, WISCONSIN  
HUMAN SERVICES FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended December 31, 2013**

	<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	\$ 22,510,439	\$ 26,044,495	\$ 25,546,130	\$ (498,365)
Fines and fees	69,713	69,713	214,599	144,886
Miscellaneous	992,812	992,812	759,255	(233,557)
Total revenues	<u>23,572,964</u>	<u>27,107,020</u>	<u>26,519,984</u>	<u>(587,036)</u>
<b>EXPENDITURES</b>				
Current:				
Health and social services	<u>30,109,249</u>	<u>34,139,883</u>	<u>30,696,876</u>	<u>3,443,007</u>
Total expenditures	<u>30,109,249</u>	<u>34,139,883</u>	<u>30,696,876</u>	<u>3,443,007</u>
Excess (deficiency) of revenues over expenditures	<u>(6,536,285)</u>	<u>(7,032,863)</u>	<u>(4,176,892)</u>	<u>2,855,971</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,036,285	6,081,826	6,037,785	(44,041)
Transfers out	<u>-</u>	<u>(1,012,253)</u>	<u>(1,012,253)</u>	<u>-</u>
Total other financing sources (uses)	<u>6,036,285</u>	<u>5,069,573</u>	<u>5,025,532</u>	<u>(44,041)</u>
Net change in fund balances	<u>\$ (500,000)</u>	<u>\$ (1,963,290)</u>	848,640	<u>\$ 2,811,930</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>2,363,806</u>	
End of year			<u>\$ 3,212,446</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, 2013**

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities
	Ridgewood Healthcare Center	Reefpoint Marina	Behavioral Health Services	Golf Courses (Nonmajor)		Internal Service Funds
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and investments	\$ 3,000	\$ 500	\$ -	\$ 216,249	\$ 219,749	\$ 700
Receivables (net of allowance for uncollectibles)	531,572	-	542,828	1,275	1,075,675	21,691
Due from other governments	1,119,008	-	597,268	-	1,716,276	1,671,445
Due from other funds	136,603	993,717	-	672,265	1,802,585	4,430,530
Inventories	83,378	3,267	-	-	86,645	582,774
Prepaid items	47,460	12,962	836	-	61,258	744
Total current assets	<u>1,921,021</u>	<u>1,010,446</u>	<u>1,140,932</u>	<u>889,789</u>	<u>4,962,188</u>	<u>6,707,884</u>
<b>Noncurrent assets</b>						
Restricted cash and investments	138,669	-	-	-	138,669	-
Capital assets not being depreciated:						
Land	1	-	-	1,131,761	1,131,762	-
Construction in progress	45,895	20,000	-	-	65,895	125,955
Capital assets being depreciated:						
Buildings	12,558,060	3,667,723	-	1,742,032	17,967,815	4,961,644
Improvements other than buildings	264,383	1,175,910	-	3,890,192	5,330,485	1,935,226
Machinery and equipment	2,472,101	98,422	-	-	2,570,523	10,716,339
Less: accumulated depreciation	<u>(10,195,047)</u>	<u>(285,535)</u>	<u>-</u>	<u>(3,035,792)</u>	<u>(13,516,374)</u>	<u>(10,324,378)</u>
Total capital assets	<u>5,145,393</u>	<u>4,676,520</u>	<u>-</u>	<u>3,728,193</u>	<u>13,550,106</u>	<u>7,414,786</u>
Total noncurrent assets	<u>5,284,062</u>	<u>4,676,520</u>	<u>-</u>	<u>3,728,193</u>	<u>13,688,775</u>	<u>7,414,786</u>
Total assets	<u>7,205,083</u>	<u>5,686,966</u>	<u>1,140,932</u>	<u>4,617,982</u>	<u>18,650,963</u>	<u>14,122,670</u>
<b>DEFERRED OUTFLOWS</b>						
Deferred charges	130,960	-	-	-	130,960	-
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Accounts payable and other current liabilities	756,618	30,562	650,241	9,999	1,447,420	941,869
Accrued interest payable	10,530	9,263	-	-	19,793	-
Due to other funds	-	-	174,752	-	174,752	1,559,698
Grant and user fee advances	88,141	592,253	8,004	-	688,398	-
Deposits	80,519	-	-	-	80,519	-
Compensated absences	309,519	-	-	-	309,519	-
Current maturities on bonds payable	403,799	220,654	-	-	624,453	15,382
Total current liabilities	<u>1,649,126</u>	<u>852,732</u>	<u>832,997</u>	<u>9,999</u>	<u>3,344,854</u>	<u>2,516,949</u>
<b>Noncurrent liabilities</b>						
Long term maturities on bonds payable	2,268,215	4,575,742	-	-	6,843,957	86,323
Total liabilities	<u>3,917,341</u>	<u>5,428,474</u>	<u>832,997</u>	<u>9,999</u>	<u>10,188,811</u>	<u>2,603,272</u>
<b>NET POSITION</b>						
Net investment (deficit) in capital assets	2,808,004	(119,877)	-	3,728,194	6,416,321	7,313,081
Unrestricted	610,698	378,369	307,935	879,789	2,176,791	4,206,317
Total net position	<u>\$ 3,418,702</u>	<u>\$ 258,492</u>	<u>\$ 307,935</u>	<u>\$ 4,607,983</u>	<u>\$ 8,593,112</u>	<u>\$ 11,519,398</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, 2013**

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities
	Ridgewood Healthcare Center	Reefpoint Marina	Behavioral Health Services	Golf Courses (Nonmajor)		Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges for services	15,127,998	1,281,471	8,982,825	293,004	\$25,685,298	\$ -
Highway charges and fees	-	-	-	-	-	10,461,532
Other	<u>20,340</u>	<u>5,221</u>	<u>27</u>	<u>1,072</u>	<u>26,660</u>	<u>104,471</u>
Total operating revenues	<u>15,148,338</u>	<u>1,286,692</u>	<u>8,982,852</u>	<u>294,076</u>	<u>25,711,958</u>	<u>10,566,003</u>
<b>OPERATING EXPENSES</b>						
Resident services	10,210,197	-	-	-	10,210,197	-
Operations and maintenance	1,295,944	974,362	8,674,917	22,053	10,967,276	-
Administration	3,621,352	-	-	-	3,621,352	-
Highway maintenance	-	-	-	-	-	9,732,912
Other	542,749	-	-	-	542,749	-
Depreciation	<u>568,473</u>	<u>161,486</u>	<u>-</u>	<u>265,380</u>	<u>995,339</u>	<u>633,161</u>
Total operating expenses	<u>16,238,715</u>	<u>1,135,848</u>	<u>8,674,917</u>	<u>287,433</u>	<u>26,336,913</u>	<u>10,366,073</u>
Operating income (loss)	<u>(1,090,377)</u>	<u>150,844</u>	<u>307,935</u>	<u>6,643</u>	<u>(624,955)</u>	<u>199,930</u>
<b>NONOPERATING REVENUES (EXPENSE)</b>						
Interest income	47	-	-	-	47	-
Interest expense	(100,806)	(114,183)	-	-	(214,989)	(1,976)
Amortization expense	(15,481)	654	-	-	(14,827)	-
Loss on disposal of capital assets	-	-	-	-	-	(4,508)
Total nonoperating revenues (expense)	<u>(116,240)</u>	<u>(113,529)</u>	<u>-</u>	<u>-</u>	<u>(229,769)</u>	<u>(6,483)</u>
Income (loss) before transfers	<u>(1,206,617)</u>	<u>37,315</u>	<u>307,935</u>	<u>6,643</u>	<u>(854,724)</u>	<u>193,447</u>
<b>TRANSFERS</b>						
Transfers in	849,367	-	190,055	-	1,039,422	1,851,808
Transfers out	<u>(632,588)</u>	<u>-</u>	<u>(190,055)</u>	<u>-</u>	<u>(822,643)</u>	<u>(874,463)</u>
Total net transfers	<u>216,779</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,779</u>	<u>977,345</u>
Change in net position	<u>(989,838)</u>	<u>37,315</u>	<u>307,935</u>	<u>6,643</u>	<u>(637,945)</u>	<u>1,170,792</u>
<b>NET POSITION</b>						
Beginning of year - Restated	<u>4,408,540</u>	<u>221,177</u>	<u>-</u>	<u>4,601,340</u>	<u>9,231,057</u>	<u>10,348,606</u>
End of year	<u>\$ 3,418,702</u>	<u>\$ 258,492</u>	<u>\$ 307,935</u>	<u>\$ 4,607,983</u>	<u>\$ 8,593,112</u>	<u>\$ 11,519,398</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, 2013**

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities
	Ridgewood Healthcare Center	Reefpoint Marina	Behavioral Health Services	Golf Courses (Nonmajor)		Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Received from customers and users	\$ 16,210,539	\$ 1,697,062	\$ 7,849,788	\$ 302,011	\$ 26,059,400	\$ 4,612,556
Received from interfund services provided	324,307	192,440	-	-	516,747	6,539,767
Paid for interfund services provided	-	-	175,364	(428,372)	(253,008)	(3,500,240)
Paid to suppliers	(6,124,034)	(1,023,512)	(6,590,650)	(42,985)	(13,781,181)	(2,847,914)
Paid to employees	(9,392,980)	-	(1,434,502)	-	(10,827,482)	(4,782,981)
Net cash from operating activities	<u>1,017,832</u>	<u>865,990</u>	<u>-</u>	<u>(169,346)</u>	<u>1,714,476</u>	<u>21,188</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interest income	47	-	-	-	47	-
Transfers in	849,367	-	190,055	-	1,039,422	1,851,808
Transfers out	(632,588)	-	(190,055)	-	(822,643)	(874,463)
Net cash from noncapital financing activities	<u>216,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,826</u>	<u>977,345</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchases of capital assets	(714,992)	(535,953)	-	(83,499)	(1,334,444)	(989,377)
Proceeds from sale of capital assets	-	-	-	-	-	8,202
Principal paid on capital debt	(393,487)	(215,000)	-	-	(608,487)	(15,382)
Interest paid on capital debt	(101,952)	(114,537)	-	-	(216,489)	(1,976)
Net cash from capital and related financing activities	<u>(1,210,431)</u>	<u>(865,490)</u>	<u>-</u>	<u>(83,499)</u>	<u>(2,159,420)</u>	<u>(998,533)</u>
Net increase (decrease) in cash and cash equivalents	24,227	500	-	(252,845)	(228,118)	-
<b>CASH AND CASH EQUIVALENTS</b>						
Beginning of year	<u>117,442</u>	<u>-</u>	<u>-</u>	<u>469,094</u>	<u>586,536</u>	<u>700</u>
End of year	<u>\$ 141,669</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 216,249</u>	<u>\$ 358,418</u>	<u>\$ 700</u>

The accompanying notes are an integral part of this statement.

	Business-type Activities - Enterprise Funds				Totals	Governmental Activities
	Ridgewood Healthcare Center	Reefpoint Marina	Behavioral Health Services	Golf Courses (Nonmajor)		Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ (1,090,377)	\$ 150,844	\$ 307,935	\$ 6,643	\$ (624,955)	\$ 199,930
Adjustments to reconcile to net cash from operating activities:						
Depreciation	568,473	161,486	-	265,380	995,339	633,161
Bad debt expense	(44,878)	-	-	-	(44,878)	-
Changes in assets and liabilities:						
Receivables	1,057,910	-	(1,140,096)	7,935	(74,251)	(896,670)
Due from other funds	324,307	192,440	612	(428,372)	88,987	(975,939)
Inventories	22,070	(3,267)	-	-	18,803	286,480
Prepaid items	19,960	(9,460)	(476)	186	10,210	(149)
Accounts payable	74,221	(26,423)	650,241	(21,118)	676,921	132,882
Due to other funds	-	-	174,752	-	174,752	527,343
Grant and user fee advances	49,169	410,370	7,032	-	466,571	-
Other liabilities	36,977	(10,000)	-	-	26,977	114,150
Net cash from operating activities	<u>\$ 1,017,832</u>	<u>\$ 865,990</u>	<u>\$ -</u>	<u>\$ (169,346)</u>	<u>\$ 1,714,476</u>	<u>\$ 21,188</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>						
Unrestricted cash and cash equivalents	\$ 3,000	\$ 500	\$ -	\$ 216,249	\$ 219,749	\$ 700
Restricted cash and cash equivalents	<u>138,669</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>138,669</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<u>\$ 141,669</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 216,249</u>	<u>\$ 358,418</u>	<u>\$ 700</u>
<b>NON CASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Amortization of loss on refunding	<u>\$ 15,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,480</u>	<u>\$ -</u>
Amortization of debt premium	<u>\$ -</u>	<u>\$ 654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 654</u>	<u>\$ -</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, 2013**

	<b>Total Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,367,089
Receivables:	
Delinquent property taxes	491,859
Other	655,977
Total assets	\$ 5,514,925
 <b>LIABILITIES</b>	
Accounts payable	\$ 77,083
Agency deposits	5,437,842
Total liabilities	\$ 5,514,925

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, 2013

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# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2013

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

##### *Related Organization*

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

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

In November 2010, the GASB issued statement No. 61 – *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This standard was implemented effective January 1, 2013 and had no effect on these financial statements.

In March 2012, the GASB issued statement No. 65 – *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This standard was implemented effective January 1, 2013 and required a restatement of net position. See Note III.G. for restatement details.

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

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

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

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

##### *Fund Financial Statements*

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

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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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.

The County reports the following major enterprise funds:

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

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

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

The County reports the following nonmajor funds:

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

- Road Maintenance
- County Handicapped Education
- County Bridge Aids

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

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

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

- Golf Courses

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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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, 2013

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

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

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

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

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

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

##### *All Financial Statements*

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

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

##### 1. Cash and investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash deposits are carried at cost. Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances.

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

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

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Statutes Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2013 the fair value of the County's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

See Note III.A for further information.



# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

##### *2. Receivables*

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

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

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

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

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

##### *3. Interfund Receivables and Payables*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due to/from other funds" on the balance sheet. Noncurrent portions of the interfund receivables described as "advances to/from" governmental funds are offset by nonspendable fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation. There are no advances at December 31, 2013.

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

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

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

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

##### 4. Inventories and prepaid items

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

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

##### 5. Restricted assets

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

##### 6. Capital assets

#### **Government-wide financial statements**

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

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

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

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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

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

##### 6. Capital assets (continued)

##### Government-wide financial statements (continued)

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

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

##### Fund Financial Statements

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

##### 7. Compensated absences

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

##### 8. Self-funded insurance

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

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

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

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

##### *9. Long-term obligations*

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

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the straight-line method. 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 is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

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.

##### *10. Deferred Outflows and Inflows of Resources*

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

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

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

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

---

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

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

##### 11. Equity Classifications

###### Government-wide Financial Statements

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

- a. Net investment in capital assets – Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances 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 – Net positions subject to constraints imposed by 1) external groups, such as creditors, grantors, contributors, or laws and regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

###### Fund Financial Statements

Governmental fund equity is classified as fund balance and displayed as follows:

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

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

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2013

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

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

##### 11. Equity Classifications (continued)

##### Minimum Fund Balance

The County has a formal minimum fund balance policy. That policy is to maintain a working capital fund of 16% to 25% of the next fiscal year's budgeted operating expenditures as general fund unrestricted fund balance. The balance at year end was \$31,998,250, or 22%, and is included in unassigned and committed general fund balance.

### II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### A. Budgets and Budgetary Accounting

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

The County amends the adopted budget for funds encumbered for specific purposes from previous periods. These funds are authorized for specific purposes as restricted by County Board resolution or grantor agency regulation. The County's 2013 adopted budget was increased for the following:

General Fund	\$9,530,441
Human Services Fund	5,042,887
Debt Service Fund	629,473

**COUNTY OF RACINE, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2013

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

**B. Excess of Expenditures over Appropriations**

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

County Road Maintenance	\$2,705,812
County Handicapped Education	140,044
County Bridge Aids	114,229
Debt Service Fund	414,228
Capital Projects Fund	119,487

**C. Limitations on the County's Tax Levy Rate**

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

**D. Deficit Fund Balance**

County Handicapped Education Special Revenue Fund had a deficit fund balance of \$46,588 as of December 31, 2013. This deficit will be covered by future tax levies for the fund.

Fringe Benefits Internal Service Fund had a deficit fund balance of \$123,199 as of December 31, 2013. The County will continue to 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, 2013

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**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The County had the following deposits and investments as of December 31, 2013.

Petty cash	\$ 8,115
Demand deposits	20,022,615
Corporate Bonds	7,447,272
Asset Backed Securities	3,504,135
Mortgage Bonds	4,592,612
Municipal Securities	2,827
U.S. Government Agency Securities	5,491,475
U.S. Treasury Bonds and Notes	8,049,341
Local Government Investment Pool	6,782,645
Total	<u>\$ 55,901,037</u>

Reconciliation to the financial statements

Per statement of net position

Unrestricted cash and investments \$ 50,229,191

Restricted cash and investments 1,304,757

Per statement of assets and liabilities

Agency Funds 4,367,089

Total Cash and Investments \$ 55,901,037

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

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

The County maintains a collateral agreement with its bank. At December 31, 2013, the bank had pledged government treasuries in the amount of \$19,787,288 to secure the County's deposits.



**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the County's deposits may not be returned to the County. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment policy will allow the Treasurer to place funds in excess of five hundred thousand dollars (\$500,000) in any bank so named as a county depository without the effect of collateralization if standards established by the finance committee are maintained. As of December 31, 2013, all of the County's demand deposits were insured or fully collateralized.

As of December 31, 2013, the County's following investments were held by the counterparty in the County's name.

	<b>Fair Value</b>
Corporate Bonds	\$ 7,447,272
Asset Backed Securities	3,504,135
Mortgage Bonds	4,592,612
Municipal Securities	2,827
U.S. Government Agency Securities	5,491,475
U.S. Treasury Bonds and Notes	8,049,341
Total	<u>\$ 29,087,662</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.

The following is a summary of investments by maturity:

	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1 - 2 years</b>	<b>2 - 3 years</b>	<b>3 - 5 years</b>
Corporate Bonds	\$ 7,447,272	\$ 2,390,701	\$ 1,777,251	\$ 477,682	\$ 2,801,638
Asset Backed Securities	3,504,135	10,221	35,972	310,318	3,147,624
Mortgage Bonds	4,592,612	-	-	116	4,592,496
Municipal Securities	2,827	2,827	-	-	-
U.S. Government Agency Securities	5,491,475	370,688	800,822	2,198,798	2,121,167
U.S. Treasury Bonds and Notes	8,049,341	2,414,159	3,727,154	1,908,028	-
	<u>\$ 29,087,662</u>	<u>\$ 5,188,596</u>	<u>\$ 6,341,199</u>	<u>\$ 4,894,942</u>	<u>\$ 12,662,925</u>

**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

*Credit Risk*

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

It is the County's practice to limit its investments in these investment types to the top rating issued by NRSROs. As of December 31, 2013, 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	\$ 1,556,653	Aa1
Corporate Bonds	2,432,318	Aa2
Corporate Bonds	1,174,994	Aa3
Corporate Bonds	690,943	A1
Corporate Bonds	964,023	A2
Corporate Bonds	416,459	Baa1
Corporate Bonds	211,882	Not Rated
Asset Backed Securities	3,447,768	Aaa
Asset Backed Securities	56,367	Not Rated
Mortgage Bonds	4,092,670	Aaa
Mortgage Bonds	499,826	A1
Mortgage Bonds	116	Not Rated
Municipal Securities	2,827	Not Rated
U.S. Government Agency Securities	4,648,340	Aaa
U.S. Government Agency Securities	843,135	A2
U.S. Treasury Bonds and Notes	7,978,113	Aaa
U.S. Treasury Bonds and Notes	71,228	Not Rated
Local Government Investment Pool	6,782,645	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, 2013

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

**B. Receivables**

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

*Delinquent Taxes*

Delinquent property taxes purchased from other taxing districts are reflected as nonspendable fund balance at year-end. Delinquent property taxes collected within sixty days subsequent to year-end are considered to be available for current expenditures and are therefore excluded from nonspendable fund balances. Delinquent property taxes levied by the County are reflected as unavailable revenue and are excluded from the fund balance until collected. At December 31, 2013, 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			
2012	\$ 5,608,709	\$ 729,132	4,879,577
2011	3,095,203	433,328	2,661,875
2010	1,456,397	203,896	1,252,501
2009	630,688	88,296	542,392
2008	328,624	49,294	279,330
2007 and prior	293,918	39,693	254,225
Tax deeds	<u>3,195,781</u>	<u>17,978</u>	<u>3,177,803</u>
 Total Delinquent Property Taxes Receivable	 14,609,320	 1,561,617	 13,047,703
 Less Allowance	 <u>(359,581)</u>	 <u>(49,976)</u>	 <u>(309,605)</u>
 Net Delinquent Property Taxes Receivable	 <u>\$ 14,249,739</u>	 <u>\$ 1,511,641</u>	 <u>\$ 12,738,098</u>

*Patient Accounts*

Receivables from patients are shown net of an allowance for uncollectible accounts of \$97,858 at December 31, 2013. 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, 2013

**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 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.

*Unavailable and Unearned Revenues*

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable for subsequent year	\$ -	\$ 51,293,657	\$ 51,293,657
Delinquent property taxes receivable	1,511,641	-	1,511,641
Delinquent property taxes interest receivable	5,205,839	-	5,205,839
Grant drawdowns prior to meeting all eligibility requirements	-	29,631	29,631
Revenues received for subsequent year	-	221,061	221,061
Current year receivables collected subsequent to recognition period	<u>683,475</u>	<u>-</u>	<u>683,475</u>
 Total unavailable/unearned revenue for governmental funds	 <u>\$ 7,400,955</u>	 <u>\$ 51,544,349</u>	 <u>\$ 58,945,304</u>
 Unearned revenue included in liabilities		\$ 250,692	
Unearned revenue included in deferred inflows		<u>51,293,657</u>	
Total unearned revenue for governmental funds		<u>\$ 51,544,349</u>	

**COUNTY OF RACINE, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2013

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

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2013 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	\$ 21,812,455	\$ -	\$ -	\$ 21,812,455
Construction in progress	<u>6,789,131</u>	<u>1,958,902</u>	<u>(5,348,995)</u>	<u>3,399,038</u>
Total capital assets, not being depreciated	<u>28,601,586</u>	<u>1,958,902</u>	<u>(5,348,995)</u>	<u>25,211,493</u>
 Capital assets, being depreciated:				
Buildings	67,155,735	886,759	-	68,042,494
Improvements other than buildings	11,434,815	6,880,655	-	18,315,470
Machinery and equipment	26,641,215	1,445,680	(447,717)	27,639,178
Infrastructure	<u>39,526,547</u>	<u>3,956,143</u>	<u>-</u>	<u>43,482,690</u>
Total capital assets, being depreciated	<u>144,758,312</u>	<u>13,169,237</u>	<u>(447,717)</u>	<u>157,479,832</u>
 Less accumulated depreciation for:				
Buildings	(27,412,036)	(1,476,882)	-	(28,888,918)
Improvements other than buildings	(5,671,600)	(474,954)	-	(6,146,554)
Machinery and equipment	(19,547,690)	(1,802,683)	399,994	(20,950,379)
Infrastructure	<u>(13,241,090)</u>	<u>(1,466,094)</u>	<u>-</u>	<u>(14,707,184)</u>
Total accumulated depreciation	<u>(65,872,416)</u>	<u>(5,220,613)</u>	<u>399,994</u>	<u>(70,693,035)</u>
 Total capital assets being depreciated, net	<u>78,885,896</u>	<u>7,948,624</u>	<u>(47,723)</u>	<u>86,786,797</u>
 Total capital assets, net	<u>\$ 107,487,482</u>	<u>\$ 9,907,526</u>	<u>\$ (5,396,718)</u>	<u>\$ 111,998,290</u>

**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**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	137,056	34,106	(105,267)	65,895
Total capital assets, not being depreciated	<u>1,268,818</u>	<u>34,106</u>	<u>(105,267)</u>	<u>1,197,657</u>
Capital assets, being depreciated:				
Buildings	16,694,171	1,273,644	-	17,967,815
Improvements other than buildings	5,313,202	17,283	-	5,330,485
Machinery and equipment	2,455,846	114,677	-	2,570,523
Total capital assets, being depreciated	<u>24,463,219</u>	<u>1,405,604</u>	<u>-</u>	<u>25,868,823</u>
Less accumulated depreciation for:				
Buildings	(8,130,518)	(613,476)	-	(8,743,994)
Improvements other than buildings	(2,429,926)	(271,271)	-	(2,701,197)
Machinery and equipment	(1,960,591)	(110,592)	-	(2,071,183)
Total accumulated depreciation	<u>(12,521,035)</u>	<u>(995,339)</u>	<u>-</u>	<u>(13,516,374)</u>
Total capital assets being depreciated, net	<u>11,942,184</u>	<u>410,265</u>	<u>-</u>	<u>12,352,449</u>
Total capital assets, net	<u>\$ 13,211,002</u>	<u>\$ 444,371</u>	<u>\$ (105,267)</u>	<u>\$ 13,550,106</u>

**COUNTY OF RACINE, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2013

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

**C. Capital Assets (continued)**

Depreciation expense was charged to functions/programs as follows:

**Governmental Activities:**

General government	\$ 347,199
Public safety	1,926,056
Health and social services	437,945
Education and recreation	410,536
Highways and streets	<u>2,098,877</u>

Total depreciation expenses - governmental activities \$ 5,220,613

**Business-type activities:**

Ridgewood Healthcare Center	\$ 568,473
Reefpoint Marina	161,486
Golf Courses	<u>265,380</u>

Total depreciation expenses - business-type activities \$ 995,339

**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

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

The composition of interfund balances as of December 31, 2013, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Behavioral Health Services	\$ 174,752
	County Handicapped Education	46,588
	Billable Internal Service Fund	1,559,698
		<u>1,781,038</u>
Human Services Fund	General Fund	<u>3,022,680</u>
Ridgewood Healthcare Center	General Fund	<u>136,603</u>
Reefpoint Marina	General Fund	<u>993,717</u>
Golf Courses	General Fund	<u>672,265</u>
Nonmajor Governmental Funds		
County Road Maintenance	General Fund	4,165,696
County Bridge Aid	General Fund	235,807
Debt Service Fund	General Fund	1,114,462
Capital Projects Fund	General Fund	2,705,952
Permanent Fund	General Fund	94,608
		<u>8,316,525</u>
Internal Service Funds		
Fringe Benefits Internal Service	General Fund	265,115
Fleet Internal Service	General Fund	4,165,415
		<u>4,430,530</u>
Total due from other funds		19,353,358
Less fund eliminations		<u>(17,725,525)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ 1,627,833</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, 2013

**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	Human Services Fund	\$ 1,011,445
	County Road Maintenance	35,000
	Fleet Internal Service Fund	72,400
	Capital Projects Fund	1,075,000
	Ridgewood Healthcare Center	531,541
	Behavioral Health Services	190,055
		<u>2,915,441</u>
Human Services Fund	General Fund	<u>6,037,785</u>
Ridgewood Healthcare Center	General Fund	19,982
	Human Services Fund	808
	Debt Service Fund	495,441
	Capital Projects Fund	151,000
	Fleet Internal Service Fund	182,136
		<u>849,367</u>
Behavioral Health Services	General Fund	<u>190,055</u>
Nonmajor Governmental Funds		
County Road Maintenance	General Fund	1,888,636
County Road Maintenance	Capital Projects Fund	1,984,000
County Road Maintenance	Fleet Internal Service Fund	178,027
Debt Service Fund	General Fund	497,999
Debt Service Fund	Capital Projects Fund	628,972
Debt Service Fund	Ridgewood Healthcare Center	101,047
Debt Service Fund	Fleet Internal Service Fund	71,063
Capital Projects Fund	General Fund	375,737
Capital Projects Fund	Fleet Internal Service Fund	370,837
		<u>6,096,318</u>
Internal Service Funds		
Fringe Benefits Internal Service	County Road Maintenance	70,000
Fleet Internal Service	General Fund	114,470
Fleet Internal Service	Debt Service Fund	17,358
Fleet Internal Service	Capital Projects Fund	1,649,980
		<u>1,851,808</u>
Total transfers from other funds		17,940,774
Less fund eliminations		<u>(17,723,995)</u>
Total Interfund Transfers - Government-Wide Statement of Net Position		<u>\$ 216,779</u>

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

**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

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

**E. Long-term Debt**

Long-term liability activity for the year ended December 31, 2013, 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	\$ 34,594,499	\$ 7,020,000	\$ 6,881,513	\$ 34,732,986	\$ 4,461,201
Bonds payable	15,330,000	14,880,000	12,680,000	17,530,000	1,130,000
Total general obligation debt	49,924,499	21,900,000	19,561,513	52,262,986	5,591,201
Bond premium (discount)	204,688	1,902,105	249,463	1,857,330	163,655
Net general obligation debt	50,129,187	23,802,105	19,810,976	54,120,316	5,754,856
Compensated absences	2,741,066	3,405,073	2,950,334	3,195,805	3,195,805
Net OPEB liability	78,122,417	12,392,012	10,241,100	80,273,329	-
Claims and judgments	3,503,261	1,511,619	1,162,008	3,852,872	442,630
Governmental activity					
Long-term liabilities	\$ 134,495,931	\$ 41,110,809	\$ 34,164,418	\$ 141,442,322	\$ 9,393,291
<b>Business type activities:</b>					
General obligation debt:					
Bonds Payable	\$ 7,430,000	\$ -	\$ 525,000	\$ 6,905,000	\$ 540,000
Notes payable	635,501	-	83,487	552,014	83,799
Total general obligation debt	8,065,501	-	608,487	7,457,014	623,799
Bond premium (discount)	12,050	-	654	11,396	654
Net general obligation debt	8,077,551	-	609,141	7,468,410	624,453
Compensated absences	300,551	407,437	398,469	309,519	309,519
Business -type activity					
Long-term liabilities	\$ 8,378,102	\$ 407,437	\$ 1,007,610	\$ 7,777,929	\$ 933,972

## COUNTY OF RACINE, WISCONSIN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

#### 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>
2014	\$ 5,591,201	\$ 2,025,219	\$ 623,799	\$ 199,081
2015	5,341,107	1,864,814	613,893	181,029
2016	5,414,845	1,676,579	625,155	162,447
2017	5,543,599	1,016,312	646,401	143,043
2018	5,677,665	864,619	657,335	122,678
2019-2023	20,624,569	2,175,042	1,905,431	408,613
2024-2028	4,070,000	248,800	1,425,000	234,225
2029-2031	-	-	960,000	43,413
Total	<u>\$ 52,262,986</u>	<u>\$ 9,871,385</u>	<u>\$ 7,457,014</u>	<u>\$ 1,494,529</u>

The detail of the general obligation debt is as follows:

	<u>Date of issue</u>	<u>Final maturity</u>	<u>Interest rates</u>	<u>Original Amount</u>	<u>Balance 12/31/13</u>
General Obligation Notes					
Series 2005	5/1/2005	6/1/2014	3.45%-3.75%	1,700,000	\$ 220,000
Series 2007	6/7/2007	12/1/2017	3.85%	2,155,000	245,000
Series 2008	6/17/2008	6/1/2018	3.00% - 3.75%	3,795,000	825,000
Series 2011	4/12/2011	6/1/2020	1.5%-2.75%	6,560,000	5,450,000
Series 2012	4/17/2012	6/1/2021	1.0%-2.1%	5,000,000	5,000,000
Series 2013	3/19/2013	3/1/2023	2.0%-3.0%	6,000,000	6,000,000
Taxable General Obligation Notes					
Series 2009	9/15/2009	6/1/2019	1.70% - 4.65%	4,335,000	3,495,000
Series 2010A	8/3/2010	6/1/2017	3.00%-3.75%	2,780,000	2,030,000
Series 2010B	8/3/2010	6/1/2020	3.50%-4.25%	2,140,000	2,140,000
Series 2012	4/17/2012	3/1/2022	0.45%-3.00%	10,200,000	8,860,000
Series 2013	3/19/2013	3/1/2020	0.50%-2.59%	1,020,000	1,020,000
Series 2005 General Obligation Refunding Bonds	4/15/2005	6/1/2014	3.00%-4.10%	5,935,000	2,120,000
Series 2006 General Obligation Bonds	3/15/2006	3/1/2026	4.00%-4.50%	18,970,000	2,650,000
Series 2013 General Obligation Refunding Bonds	3/19/2013	3/1/2026	2.0%-4.0%	14,880,000	14,880,000
Series 2012 General Obligation Marina Bonds	4/17/2012	6/1/2031	2.0%-3.0%	5,000,000	4,785,000
Total General Obligation debt					59,720,000
Less amount applicable to business-type activities					(7,457,014)
Governmental activities General Obligation debt					<u>\$ 52,262,986</u>

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.

**COUNTY OF RACINE, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2013

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

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

Wisconsin statutes limit direct general obligation borrowing in the amount equivalent to 5% of the equalized valuation of taxable property. At December 31, 2013, the County's debt margin and legal debt limit is calculated as follows:

Equalized Value of Real and Personal Property	\$ 13,438,849,400
	5%
Debt Limit, 5% of Equalized Valuation	<u>671,942,470</u>
Amount of Debt Applicable to Debt Limitation:	
General Obligation Debt	\$ 59,720,000
Less Debt Service Funds	<u>(1,658,505)</u>
Total Amount of Debt Applicable to Debt Margin	<u>58,061,495</u>
Legal Debt Margin (Debt Capacity)	<u>\$ 613,880,975</u>

***Current and Advanced Refunding***

On March 19, 2013, the County issued \$14,880,000 in general obligation refunding bonds bearing interest at 2% to 4%. The proceeds, together with other available moneys from the debt service fund, were used to current refund \$785,000 of outstanding general obligation notes and advance refund \$14,035,000 of outstanding general obligation bonds and notes.

A portion of the net proceeds and additional County funds of \$16,391,786 (including premium and after payment of underwriting fees and other issuance costs) were used to deposit \$15,607,538 in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, a portion of the Series 2006 General Obligation Bonds and the Series 2007 and 2008 General Obligation Notes, are considered defeased and the liability for those obligations has been removed from the statement of net position. The remaining net proceeds were used to prepay the outstanding debt service requirements of the Series 2006 General Obligation Notes.

The cash flow requirements on the refunded bonds and notes prior to the refunding was \$25,918,421 from 2013 through 2026. The cash flow requirements on the refunding bonds are \$25,147,403 from 2013 through 2026. The refunding resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$552,169.

**COUNTY OF RACINE, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2013

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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, 2013 is as follows:

**Governmental Activities**

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 111,998,290
Less: outstanding long term debt (net of debt premiums, discounts, and loss on refunding)	(52,658,840)
Plus: noncapital related long term debt	9,226,281
Plus: unspent bond proceeds	<u>2,227,795</u>
Total net investment in capital assets	<u>70,793,526</u>
Restricted	
For recreational land acquisition	312,246
For endowments	
Expendable	192,739
Nonexpendable	264,246
Debt service	<u>1,125,099</u>
Total restricted net position	<u>1,894,330</u>
Unrestricted (deficit)	<u>(29,577,819)</u>
Total net position	<u>\$ 43,110,037</u>

**Business-type Activities**

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 13,550,106
Less: outstanding long term debt (net of debt premiums, discounts, and loss on refunding)	(7,337,450)
Plus: unspent bond proceeds	<u>203,665</u>
Total net investment in capital assets	<u>6,416,321</u>
Unrestricted	<u>2,176,791</u>
Total net position	<u>\$ 8,593,112</u>

**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**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, 2013 are as follows:

**Nonspendable**

Major Funds

General Fund

Delinquent property taxes	\$ 12,738,098
Prepayments and inventories	857,854
Noncurrent receivables	<u>2,204,411</u>
	<u>15,800,363</u>

Special Revenue Fund - Human Services Fund

Prepayments and inventories	<u>7,381</u>
-----------------------------	--------------

Nonmajor Fund

Special Revenue Fund - Permanent fund endowments	<u>264,246</u>
--	----------------

Total nonspendable fund balance	<u>16,071,990</u>
---------------------------------	-------------------

**Restricted**

Major Fund - General Fund - Recreational land acquisition	312,246
---	---------

Nonmajor Fund

Debt Service Fund - Debt service	1,658,505
Special Revenue Fund - Permanent fund endowments	<u>192,739</u>

Total restricted fund balance	<u>2,163,490</u>
-------------------------------	------------------

**Committed**

Major Funds

General Fund - Subsequent years' expenditures	16,293,451
Human Services Fund - Subsequent years' expenditures	10,084

Nonmajor Funds

Special Revenue Fund - County Road Maintenance	1,378,689
Special Revenue Fund - County Bridge Aids	235,807
Capital Projects Fund - Capital Projects	2,509,909
Special Revenue Fund - Permanent Fund	<u>1,980</u>

Total committed fund balance	<u>20,429,920</u>
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**Assigned**

Major Fund - Special Revenue Fund - Human Services Fund	3,194,981
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Nonmajor Funds

Special Revenue Fund - County Road Maintenance	2,448,764
Capital Projects Fund - Capital Projects	<u>51,370</u>

Total assigned fund balance	<u>5,695,115</u>
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**Unassigned (deficit)**

Major Fund - General Fund	15,704,799
---------------------------	------------

Nonmajor Fund - Special Revenue Fund - County Handicapped Board	<u>(46,588)</u>
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Total unassigned fund balance	<u>15,658,211</u>
-------------------------------	-------------------

Total fund balance	<u>\$ 60,018,726</u>
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**COUNTY OF RACINE, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2013

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

**G. Restatement of Net Position**

Net position has been restated as a result of the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which requires debt issuance costs to be expensed in the period incurred. These costs were previously required to be amortized. The details of this restatement are as follows:

	<b>Governmental Activities</b>	<b>Ridgewood Healthcare Center</b>	<b>Reefpoint Marina</b>	<b>Business- type Activities</b>
Net Position - December 31, 2012 (as reported)	\$ 40,243,056	\$ 4,431,790	\$ 250,507	\$ 9,283,637
Less: Unamortized debt issuance costs	(339,511)	(23,250)	(29,330)	(52,580)
Net Position - December 31, 2012 (as restated)	<u>\$ 39,903,545</u>	<u>\$ 4,408,540</u>	<u>\$ 221,177</u>	<u>\$ 9,231,057</u>

**IV. OTHER INFORMATION**

**A. Commitments and Contingencies**

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

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

**B. Intergovernmental Grants**

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

**COUNTY OF RACINE, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended December 31, 2013

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**IV. OTHER INFORMATION (CONTINUED)**

**C. Risk Management**

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

*Workers’ Compensation and Public Liability Self Insurance*

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

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

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

	<u>2013</u>	<u>2012</u>
Unpaid claims - beginning	\$ 3,503,261	\$ 4,170,802
Incurred claims	1,511,619	1,852,498
Claims paid	(1,162,008)	(2,520,039)
Unpaid claims - ending	<u>\$ 3,852,872</u>	<u>\$ 3,503,261</u>



**COUNTY OF RACINE, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2013

**IV. OTHER INFORMATION (CONTINUED)**

**C. Risk Management (continued)**

*Medical Self Insurance*

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

	<u>2013</u>	<u>2012</u>
Unpaid claims - beginning	\$ 1,854,202	\$ 1,954,698
Incurred claims	12,088,996	14,702,384
Claims paid	<u>(12,124,520)</u>	<u>(14,802,880)</u>
Unpaid claims - ending	<u>\$ 1,818,678</u>	<u>\$ 1,854,202</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.

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 employees in the General Employment category, 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 2013 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.65%	6.65%
Executives & Elected Officials	7.00%	7.00%
Protective with Social Security	6.65%	9.75%
Protective without Social Security	6.65%	12.35%

## COUNTY OF RACINE, WISCONSIN

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2013

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#### IV. OTHER INFORMATION (CONTINUED)

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

The payroll for County employees covered by the WRS for the year ended December 31, 2013 was \$39,244,439; the employer's total payroll was \$40,478,489. The total required contribution for the year ended December 31, 2013 was \$5,513,929, which consisted of \$2,902,745, or 7.4% of payroll from the employer and \$2,611,183, or 6.7% of payroll from employees. Total contributions for the years ending December 31, 2012 and 2011 were \$4,927,432 and \$5,099,873, 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. A 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.

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 \$1,000 to \$5,000 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 823 retirees and 636 active plan members at December 31, 2013.

# COUNTY OF RACINE, WISCONSIN

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2013

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### IV. OTHER INFORMATION (CONTINUED)

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

##### *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, 2013 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, 2013

**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	\$ 12,371,773
Interest on annual required contribution	3,124,897
Adjustment to ARC	<u>(3,104,658)</u>
Annual OPEB cost	12,392,012
Contributions made	<u>(10,241,100)</u>
Increase in net OPEB obligation	2,150,912
Net OPEB obligation - beginning of year	<u>78,122,417</u>
Net OPEB obligation - end of year	<u><u>\$ 80,273,329</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, 2013 and the two preceding years were as follows:

		Percentage of	
Year	Annual OPEB	Annual OPEB Cost	Net OPEB
<u>Ended</u>	<u>Cost</u>	<u>Contributed</u>	<u>Obligation</u>
12/31/2011	\$ 16,228,094	42.84%	\$ 69,405,392
12/31/2012	16,228,094	46.28%	78,122,417
12/31/2013	12,392,012	82.64%	80,273,329

*Funded Status and Funding Progress*

As of December 31, 2013, the plan was 0% funded. The actuarial accrued liability for benefits was \$253,640,311 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$253,640,311. The covered payroll (annual payroll of active employees covered by the plan) was \$40,478,489 and the ratio of the UAAL to the covered payroll was 626.61%.

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, 2013

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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, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% rate of return and an annual healthcare cost trend rate of 9% initially, reduced by decrements to a rate of 5% after eight years. Both rates include a 3% inflation assumption. A 3% payroll growth assumption is also used. The RP-2000 Combined Mortality Table was used to determine mortality. Turnover, disability, and retirement rates were determined using the WRS Active Actuarial Valuation as of December 31, 2012. Benefit selections, employee participation, and spousal coverage assumptions were developed based on County experience. Retiree contributions are assumed to increase according to health care trend rates which were based on past and present experience, and actuary judgment.

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, 2013 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.

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

The Governmental Accounting Standards Board (GASB) has approved the following: Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25; Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB Statement No. 27; Statement No. 69, *Government Combinations and Disposals of Government Operations*; and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. When they become effective, 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, 2013

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### IV. OTHER INFORMATION (CONTINUED)

#### G. Subsequent Events

On April 15, 2014 the County issued general obligation promissory notes in the amount of \$5,110,000 with interest rates of 2.0% to 3.0%. The notes are being used to finance capital projects pursuant to the County's 2014 adopted budget.

On April 15, 2014 the County issued taxable general obligation promissory notes in the amount of \$1,025,000 with interest rates of 0.7% to 3.52%. The notes are being used to finance the County's revolving loan fund pursuant to the County's 2014 adopted budget.

#### H. Economic Dependency

Medicaid and Medicare funds represent 85% of the operating revenues of Ridgewood Healthcare Center for 2013.

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**REQUIRED SUPPLEMENTARY INFORMATION**



**COUNTY OF RACINE, WISCONSIN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS - OPEB  
For the Year Ended December 31, 2013**

<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><i>Racine County School Office</i></b>							
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
12/31/2013	12/31/2013	-	21,859,763	21,859,763	0.00%	-	N/A
<b><i>Other County Departments</i></b>							
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%
12/31/2013	12/31/2013	-	231,780,548	231,780,548	0.00%	40,478,489	572.60%
<b><i>Total</i></b>							
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%
12/31/2013	12/31/2013	-	253,640,311	253,640,311	0.00%	40,478,489	626.61%

## **SUPPLEMENTARY INFORMATION**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

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

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

### **Debt Service Fund**

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

### **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, 2013

	<u>Special Revenue</u>					Permanent Fund	Total Nonmajor Governmental Funds
	<u>County Road Maintenance</u>	<u>County Handicapped Education</u>	<u>County Bridge Aids</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
<b>ASSETS</b>							
Receivables:							
Property taxes	\$ -	\$ 1,099,318	\$ -	\$ 5,579,694	\$ -	\$ -	\$ 6,679,012
Due from other governments	-	-	-	54,558	1,665	-	56,223
Due from other funds	4,165,696	-	235,807	1,114,462	2,705,952	94,608	8,316,525
Restricted cash and investments	-	-	-	489,485	-	364,357	853,842
Total assets	<u>\$ 4,165,696</u>	<u>\$ 1,099,318</u>	<u>\$ 235,807</u>	<u>\$ 7,238,199</u>	<u>\$ 2,707,617</u>	<u>\$ 458,965</u>	<u>\$ 15,905,602</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 338,243	\$ -	\$ -	\$ -	\$ 146,338	\$ -	\$ 484,581
Due to other funds	-	46,588	-	-	-	-	46,588
Total liabilities	<u>338,243</u>	<u>46,588</u>	<u>-</u>	<u>-</u>	<u>146,338</u>	<u>-</u>	<u>531,169</u>
<b>Deferred Inflows</b>							
Unearned revenues	-	1,099,318	-	5,579,694	-	-	6,679,012
<b>Fund Balances (Deficit)</b>							
Nonspendable	-	-	-	-	-	264,246	264,246
Restricted for							
Debt service	-	-	-	1,658,505	-	-	1,658,505
Endowments	-	-	-	-	-	192,739	192,739
Committed	1,378,689	-	235,807	-	2,509,909	1,980	4,126,385
Assigned	2,448,764	-	-	-	51,370	-	2,500,134
Unassigned (deficit)	-	(46,588)	-	-	-	-	(46,588)
Total fund balances (deficit)	<u>3,827,453</u>	<u>(46,588)</u>	<u>235,807</u>	<u>1,658,505</u>	<u>2,561,279</u>	<u>458,965</u>	<u>8,695,421</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 4,165,696</u>	<u>\$ 1,099,318</u>	<u>\$ 235,807</u>	<u>\$ 7,238,199</u>	<u>\$ 2,707,617</u>	<u>\$ 458,965</u>	<u>\$ 15,905,602</u>

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2013**

	<u>Special Revenue</u>					<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>County Road Maintenance</u>	<u>County Handicapped Education</u>	<u>County Bridge Aids</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
<b>REVENUES</b>							
Taxes	\$ -	\$ 669,010	\$ 90,000	\$ 5,579,694	\$ -	\$ -	\$ 6,338,704
Intergovernmental	2,686,155	-	-	-	-	14,608	2,700,763
Investment income (loss)	-	-	-	484	-	(3,575)	(3,091)
Miscellaneous	-	-	-	827,351	-	145	827,496
Total revenues	<u>2,686,155</u>	<u>669,010</u>	<u>90,000</u>	<u>6,407,529</u>	<u>-</u>	<u>11,178</u>	<u>9,863,872</u>
<b>EXPENDITURES</b>							
Current:							
Education and recreation	-	948,426	-	-	-	40,735	989,161
Highways and streets	6,816,248	-	114,229	-	-	-	6,930,477
Capital outlay	-	-	-	-	3,311,587	-	3,311,587
Debt service:							
Principal retirement	-	-	-	5,511,131	-	-	5,511,131
Interest and fiscal charges	-	-	-	1,619,324	-	-	1,619,324
Total expenditures	<u>6,816,248</u>	<u>948,426</u>	<u>114,229</u>	<u>7,130,455</u>	<u>3,311,587</u>	<u>40,735</u>	<u>18,361,680</u>
Deficiency of revenues over expenditures	<u>(4,130,093)</u>	<u>(279,416)</u>	<u>(24,229)</u>	<u>(722,926)</u>	<u>(3,311,587)</u>	<u>(29,557)</u>	<u>(8,497,808)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	4,050,663	-	-	1,299,081	746,574	-	6,096,318
Transfers out	(105,000)	-	-	(512,799)	(5,488,952)	-	(6,106,751)
Issuance of general obligation debt	-	-	-	20,000	7,000,000	-	7,020,000
Issuance of refunding bonds	-	-	-	14,880,000	-	-	14,880,000
Net premium on issuance of debt	-	-	-	1,902,105	-	-	1,902,105
Payment to escrow agent	-	-	-	(15,607,538)	-	-	(15,607,538)
Total other financing sources (uses)	<u>3,945,663</u>	<u>-</u>	<u>-</u>	<u>1,980,849</u>	<u>2,257,622</u>	<u>-</u>	<u>8,184,134</u>
Net change in fund balances	(184,430)	(279,416)	(24,229)	1,257,923	(1,053,965)	(29,557)	(313,674)
<b>FUND BALANCES</b>							
Beginning of year	<u>4,011,883</u>	<u>232,828</u>	<u>260,036</u>	<u>400,582</u>	<u>3,615,244</u>	<u>488,522</u>	<u>9,009,095</u>
End of year (deficit)	<u>\$ 3,827,453</u>	<u>\$ (46,588)</u>	<u>\$ 235,807</u>	<u>\$ 1,658,505</u>	<u>\$ 2,561,279</u>	<u>\$ 458,965</u>	<u>\$ 8,695,421</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	<u>\$2,178,773</u>	<u>\$2,178,773</u>	<u>\$2,686,155</u>	<u>\$ 507,382</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	<u>4,145,436</u>	<u>4,110,436</u>	<u>6,816,248</u>	<u>(2,705,812)</u>
Deficiency of revenues over expenditures	<u>(1,966,663)</u>	<u>(1,931,663)</u>	<u>(4,130,093)</u>	<u>(2,198,430)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,050,663	4,050,663	4,050,663	-
Transfers out	<u>(70,000)</u>	<u>(105,000)</u>	<u>(105,000)</u>	-
Total other financing sources (uses)	<u>3,980,663</u>	<u>3,945,663</u>	<u>3,945,663</u>	-
Net change in fund balances	<u>\$2,014,000</u>	<u>\$2,014,000</u>	(184,430)	<u>\$ (2,198,430)</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>4,011,883</u>	
End of year			<u>\$3,827,453</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, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>REVENUES</b>				
Taxes	\$ 669,010	\$ 669,010	\$669,010	\$ -
<b>EXPENDITURES</b>				
Current:				
Education and recreation	<u>808,382</u>	<u>808,382</u>	<u>948,426</u>	<u>(140,044)</u>
Net change in fund balances	<u>\$(139,372)</u>	<u>\$(139,372)</u>	<u>(279,416)</u>	<u>\$ (140,044)</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>232,828</u>	
End of year (Deficit)			<u>\$ (46,588)</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, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>REVENUES</b>				
Taxes	<u>\$90,000</u>	<u>\$90,000</u>	<u>\$ 90,000</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	<u>-</u>	<u>-</u>	<u>114,229</u>	<u>(114,229)</u>
Net change in fund balances	<u>\$ 90,000</u>	<u>\$90,000</u>	<u>(24,229)</u>	<u>\$ (114,229)</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>260,036</u>	
End of year			<u>\$235,807</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, 2013**

	<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	\$5,579,694	\$5,579,694	\$ 5,579,694	\$ -
Investment income	-	-	484	484
Miscellaneous	<u>884,918</u>	<u>386,919</u>	<u>827,351</u>	<u>440,432</u>
Total revenues	<u>6,464,612</u>	<u>5,966,613</u>	<u>6,407,529</u>	<u>440,916</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal retirement	4,726,131	4,726,131	5,511,131	(785,000)
Interest and fiscal charges	<u>1,360,623</u>	<u>1,990,096</u>	<u>1,619,324</u>	<u>370,772</u>
Total Expenditures	<u>6,086,754</u>	<u>6,716,227</u>	<u>7,130,455</u>	<u>(414,228)</u>
Excess (deficiency) of revenues over expenditures	<u>377,858</u>	<u>(749,614)</u>	<u>(722,926)</u>	<u>26,688</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,179,595	1,299,081	119,486
Transfers out	(512,799)	(512,799)	(512,799)	-
Issuance of general obligation debt	-	-	20,000	20,000
Issuance of refunding bonds	-	-	14,880,000	14,880,000
Net premium on issuance of debt	-	-	1,902,105	1,902,105
Payment to escrow agent	<u>-</u>	<u>-</u>	<u>(15,607,538)</u>	<u>(15,607,538)</u>
Total other financing sources (uses)	<u>(512,799)</u>	<u>666,796</u>	<u>1,980,849</u>	<u>1,314,053</u>
Net change in fund balances	<u>\$ (134,941)</u>	<u>\$ (82,818)</u>	1,257,923	<u>\$ 1,340,741</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>400,582</u>	
End of year			<u>\$ 1,658,505</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget - Positive</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Capital outlay	<u>5,341,663</u>	<u>3,311,586</u>	<u>3,311,587</u>	<u>(1)</u>
Deficiency of revenues over expenditures	<u>(5,341,663)</u>	<u>(3,311,586)</u>	<u>(3,311,587)</u>	<u>(1)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	492,837	703,235	746,574	43,339
Transfers out	(4,859,980)	(5,369,466)	(5,488,952)	(119,486)
Issuance of general obligation debt	<u>6,999,233</u>	<u>6,999,233</u>	<u>7,000,000</u>	<u>767</u>
Total other financing sources (uses)	<u>2,632,090</u>	<u>2,333,002</u>	<u>2,257,622</u>	<u>(75,380)</u>
Net change in fund balances	<u>\$ (2,709,573)</u>	<u>\$ (978,584)</u>	(1,053,965)	<u>\$ (75,381)</u>
<b>FUND BALANCES</b>				
Beginning of year			<u>3,615,244</u>	
End of year			<u>\$2,561,279</u>	

## **INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis. The County's internal service funds account for fringe benefits, highway operations and fleet management services. The County has the following internal service funds:

- Billable
- Fringe Benefits
- Fleet

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS**  
**As of December 31, 2013**

	<b>Billable</b>	<b>Fringe Benefits</b>	<b>Fleet</b>	<b>Total</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 700	\$ -	\$ -	\$ 700
Receivables:				
Due from other governments	1,671,445	-	-	1,671,445
Accounts	21,691	-	-	21,691
Due from other funds	-	265,115	4,165,415	4,430,530
Inventories	193,897	-	388,877	582,774
Prepaid items	20	-	724	744
Total current assets	<u>1,887,753</u>	<u>265,115</u>	<u>4,555,016</u>	<u>6,707,884</u>
<b>Noncurrent assets</b>				
Construction in progress	-	-	125,955	125,955
Capital assets being depreciated:				
Buildings	-	-	4,961,644	4,961,644
Improvements other than buildings	-	-	1,935,226	1,935,226
Machinery and equipment	154,134	-	10,562,205	10,716,339
Less: accumulated depreciation	(130,600)	-	(10,193,778)	(10,324,378)
Total noncurrent assets	<u>23,534</u>	<u>-</u>	<u>7,391,252</u>	<u>7,414,786</u>
Total assets	<u>1,911,287</u>	<u>265,115</u>	<u>11,946,268</u>	<u>14,122,670</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	148,004	-	225,500	373,504
Accrued liabilities	180,051	388,314	-	568,365
Due to other funds	1,559,698	-	-	1,559,698
Current maturities on bonds payable	-	-	15,382	15,382
Total current liabilities	<u>1,887,753</u>	<u>388,314</u>	<u>240,882</u>	<u>2,516,949</u>
<b>Noncurrent liabilities</b>				
Long term maturities on bonds payable	-	-	86,323	86,323
Total liabilities	<u>1,887,753</u>	<u>388,314</u>	<u>327,205</u>	<u>2,603,272</u>
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	23,534	-	7,289,547	7,313,081
Unrestricted (deficit)	-	(123,199)	4,329,516	4,206,317
Total net position (deficit)	<u>\$ 23,534</u>	<u>\$ (123,199)</u>	<u>\$ 11,619,063</u>	<u>\$ 11,519,398</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, 2013**

	<u>Billable</u>	<u>Fringe Benefits</u>	<u>Fleet</u>	<u>Eliminations</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				(1) (1,085,621)	
Highway charges and fees	\$ 8,393,354	\$ 1,952,743	\$ 2,574,364	(2) (1,373,308)	\$ 10,461,532
Other	28,258	-	76,213	-	104,471
Total operating revenues	<u>8,421,612</u>	<u>1,952,743</u>	<u>2,650,577</u>	<u>(2,458,929)</u>	<u>10,566,003</u>
<b>OPERATING EXPENSES</b>					
Current				(1) (1,085,621)	
Highway maintenance	8,421,613	2,022,214	1,748,014	(2) (1,373,308)	9,732,912
Depreciation	2,482	-	630,679	-	633,161
Total operating expenses	<u>8,424,095</u>	<u>2,022,214</u>	<u>2,378,693</u>	<u>(2,458,929)</u>	<u>10,366,073</u>
Operating income (loss)	<u>(2,483)</u>	<u>(69,471)</u>	<u>271,884</u>	<u>-</u>	<u>199,930</u>
<b>NONOPERATING EXPENSE</b>					
Interest expense	-	-	(1,976)	-	(1,976)
Loss on disposal of capital assets	-	-	(4,508)	-	(4,508)
Total nonoperating expense	<u>-</u>	<u>-</u>	<u>(6,483)</u>	<u>-</u>	<u>(6,483)</u>
Income (loss) before transfers	<u>(2,483)</u>	<u>(69,471)</u>	<u>265,401</u>	<u>-</u>	<u>193,447</u>
<b>TRANSFERS</b>					
Transfers in	-	70,000	1,781,808	-	1,851,808
Transfers out	-	-	(874,463)	-	(874,463)
Total net transfers	<u>-</u>	<u>70,000</u>	<u>907,345</u>	<u>-</u>	<u>977,345</u>
Change in net position	(2,483)	529	1,172,746	-	1,170,792
<b>NET POSITION (DEFICIT)</b>					
Beginning of year	<u>26,017</u>	<u>(123,728)</u>	<u>10,446,317</u>	<u>-</u>	<u>10,348,606</u>
End of year	<u>\$ 23,534</u>	<u>\$ (123,199)</u>	<u>\$ 11,619,063</u>	<u>\$ -</u>	<u>\$ 11,519,398</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, 2013**

	<u>Billable</u>	<u>Fringe Benefits</u>	<u>Fleet</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers and users	\$ 3,236,917	\$ 867,122	\$ 508,517	\$ 4,612,556
Received from interfund services provided	4,288,025	984,430	1,267,312	6,539,767
Paid for interfund services provided	(3,500,240)	-	-	(3,500,240)
Paid to suppliers	(1,542,185)	-	(1,305,729)	(2,847,914)
Paid to employees	(2,482,517)	(1,921,552)	(378,912)	(4,782,981)
Net cash from operating activities	<u>-</u>	<u>(70,000)</u>	<u>91,188</u>	<u>21,188</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	70,000	1,781,808	1,851,808
Transfers out	-	-	(874,463)	(874,463)
Net cash from noncapital financing activities	<u>-</u>	<u>70,000</u>	<u>907,345</u>	<u>977,345</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	-	-	(989,377)	(989,377)
Proceeds from sale of capital assets	-	-	8,202	8,202
Principal paid on capital debt	-	-	(15,382)	(15,382)
Interest paid on capital debt	-	-	(1,976)	(1,976)
Net cash from capital and related financing activities	<u>-</u>	<u>-</u>	<u>(998,533)</u>	<u>(998,533)</u>
Net increase (decrease) in cash and cash equivalents	-	-	-	-
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning of year	<u>700</u>	<u>-</u>	<u>-</u>	<u>700</u>
End of year	<u>\$ 700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 700</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (2,483)	\$ (69,471)	\$ 271,884	\$ 199,930
Adjustments to reconcile to net cash from operating activities:				
Depreciation	2,482	-	630,679	633,161
Changes in assets and liabilities:				
Receivables	(896,670)	-	-	(896,670)
Due from other funds	-	(101,191)	(874,748)	(975,939)
Inventories	299,339	-	(12,859)	286,480
Prepaid items	(20)	-	(129)	(149)
Accounts payable	39,152	-	93,730	132,882
Due to other funds	527,343	-	-	527,343
Other liabilities	30,857	100,662	(17,369)	114,150
Net cash from operating activities	<u>\$ -</u>	<u>\$ (70,000)</u>	<u>\$ 91,188</u>	<u>\$ 21,188</u>

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

None

## **AGENCY FUNDS**

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

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



**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS**  
**As of December 31, 2013**

	<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	\$ 3,570,865	\$ -	\$ 796,224	\$ -	\$ 4,367,089
Receivables:					
Delinquent property taxes	-	-	-	491,859	491,859
Accounts	-	586,919	68,968	90	655,977
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 3,570,865</u>	<u>\$ 586,919</u>	<u>\$ 865,192</u>	<u>\$ 491,949</u>	<u>\$ 5,514,925</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 76,993	\$ 90	\$ 77,083
Agency deposits	3,570,865	586,919	788,199	491,859	5,437,842
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>\$ 3,570,865</u>	<u>\$ 586,919</u>	<u>\$ 865,192</u>	<u>\$ 491,949</u>	<u>\$ 5,514,925</u>

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**For the Year Ended December 31, 2013**

	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
<b><u>COURT</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 3,675,614	\$ 2,342,624	\$ 2,447,373	\$ 3,570,865
<b>LIABILITIES</b>				
Agency deposits	\$ 3,675,614	\$ 2,342,624	\$ 2,447,373	\$ 3,570,865
<b><u>UNCLAIMED FUNDS</u></b>				
<b>ASSETS</b>				
Accounts receivable	\$ 433,128	\$ 180,688	\$ 26,897	\$ 586,919
<b>LIABILITIES</b>				
Agency deposits	\$ 433,128	\$ 180,688	\$ 26,897	\$ 586,919
<b><u>OTHER</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 521,888	\$ 990,717	\$ 716,381	\$ 796,224
Accounts receivable	59,498	640,208	630,738	68,968
Total assets	<u>\$ 581,386</u>	<u>\$ 1,630,925</u>	<u>\$ 1,347,119</u>	<u>\$ 865,192</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 72,696	\$ 342,710	\$ 338,413	\$ 76,993
Agency deposits	508,689	2,202,990	1,923,480	788,199
Total liabilities	<u>\$ 581,385</u>	<u>\$ 2,545,700</u>	<u>\$ 2,261,893</u>	<u>\$ 865,192</u>

**COUNTY OF RACINE, WISCONSIN**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS**  
**For the Year Ended December 31, 2013**

	Balance January 1, 2013	Additions	Deductions	Balance December 31, 2013
<b><u>TAXES</u></b>				
<b>ASSETS</b>				
Receivables				
Delinquent property taxes	\$ 322,562	\$ 234,842	\$ 65,545	\$ 491,859
Accounts	-	62,503	62,413	90
Total assets	<u>\$ 322,562</u>	<u>\$ 297,345</u>	<u>\$ 127,958</u>	<u>\$ 491,949</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 62,503	\$ 62,413	\$ 90
Agency deposits	322,562	234,842	65,545	491,859
Total liabilities	<u>\$ 322,562</u>	<u>\$ 297,345</u>	<u>\$ 127,958</u>	<u>\$ 491,949</u>
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and investments	\$ 4,197,502	\$ 3,333,341	\$ 3,163,754	\$ 4,367,089
Receivables:				
Delinquent property taxes	322,562	234,842	65,545	491,859
Accounts	492,626	883,399	720,048	655,977
Total assets	<u>\$ 5,012,690</u>	<u>\$ 4,451,582</u>	<u>\$ 3,949,347</u>	<u>\$ 5,514,925</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 72,696	\$ 405,213	\$ 400,826	\$ 77,083
Agency deposits	4,939,993	4,961,144	4,463,295	5,437,842
Total liabilities	<u>\$ 5,012,689</u>	<u>\$ 5,366,357</u>	<u>\$ 4,864,121</u>	<u>\$ 5,514,925</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, 2013 and 2012**

	<b>2013</b>	<b>2012</b>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS</b>		
Land	\$ 21,812,455	\$ 21,812,455
Buildings	63,080,850	62,245,378
Improvements other than buildings	16,380,244	9,499,589
Machinery and equipment	16,922,839	16,441,817
Infrastructure	43,482,690	39,526,547
Construction in progress	<u>3,273,083</u>	<u>6,736,097</u>
Total governmental funds capital assets	<u>\$ 164,952,161</u>	<u>\$ 156,261,883</u>
<b>INVESTMENTS IN GOVERNMENTAL FUNDS</b>		
<b>CAPITAL ASSETS BY SOURCE</b>		
General Fund	\$ 121,883,526	\$ 116,250,085
Special Revenue Fund	<u>43,068,635</u>	<u>40,011,798</u>
Total governmental funds capital assets	<u>\$ 164,952,161</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 OF CHANGES BY FUNCTION AND ACTIVITY**  
**For the Year Ended December 31, 2013**

<b>FUNCTION AND ACTIVITY</b>	<b>Governmental Funds Capital Assets January 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Governmental Funds Capital Assets December 31, 2013</b>
General government	\$ 9,903,467	\$ 1,279,249	\$ -	\$ 11,182,716
Public Safety	52,490,199	428,222	66,020	52,852,401
Health and social service	18,570,609	370,252	-	18,940,861
Education and recreation	34,785,640	2,613,576	-	37,399,216
Highway and Streets	40,246,723	4,064,999	-	44,311,722
Development	265,245	-	-	265,245
Total governmental funds capital assets	<u>\$ 156,261,883</u>	<u>\$ 8,756,298</u>	<u>\$ 66,020</u>	<u>\$ 164,952,161</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, 2013**

<u>FUNCTION AND ACTIVITY</u>	<u>Land</u>	<u>Improvements Other Than Buildings</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
General government	\$ 239,770	\$ 868,127	\$ 5,536,735	\$ 2,795,797	\$ -	\$ 1,742,257	\$ 11,182,686
Public safety	1,532,928	410,240	37,375,688	13,056,044	-	477,502	52,852,402
Health and social services	370,104	-	17,550,920	987,062	-	32,775	18,940,861
Education and recreation	19,195,911	15,101,876	2,617,508	-	-	483,921	37,399,216
Highways and streets	275,092	-	-	17,341	43,482,690	536,599	44,311,722
Development	198,650	-	-	66,595	-	-	265,245
Total governmental funds capital assets	<u>\$ 21,812,455</u>	<u>\$ 16,380,243</u>	<u>\$ 63,080,851</u>	<u>\$ 16,922,839</u>	<u>\$ 43,482,690</u>	<u>\$ 3,273,054</u>	<u>\$ 164,952,132</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 contain information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

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

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

### **OPERATING INFORMATION - TABLES 14 - 16**

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

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

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**COUNTY OF RACINE, WISCONSIN**  
**TABLE 1 - NET POSITION BY COMPONENT**  
For the fiscal years ended December 31, 2004 through 2013

	<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>	<u>2013 (b)</u>
<b><u>Governmental Activities</u></b>										
Net investment in capital assets	\$ 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	\$ 70,793,526
Restricted	7,688,037	1,140,931	637,251	847,185	674,038	789,986	479,523	1,192,375	864,347	1,894,330
Unrestricted (deficit)	<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>	<u>(29,577,819)</u>
Total Governmental Activities Net position	<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>	<u>\$ 43,110,037</u>
<b><u>Business-type Activities</u></b>										
Net investment in capital assets	\$ 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	\$ 6,416,321
Restricted	34,992	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	<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>	<u>2,176,791</u>
Total Business-type Activities Net Position	<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>	<u>\$ 8,593,112</u>
<b><u>Primary Government</u></b>										
Net investment in capital assets	\$ 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	\$ 77,209,847
Restricted	7,723,029	1,140,931	637,251	847,185	674,038	789,986	479,523	1,192,375	864,347	1,894,330
Unrestricted (deficit)	<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>	<u>(27,401,028)</u>
Total Primary Government Net Position	<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>	<u>\$ 51,703,149</u>

**Notes:**

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

(b) Beginning net position was restated (decreased) in 2013 for governmental activities (\$339,511) and business-type activities (\$52,580) due to implementation of GASB Statement No. 65.

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 2 - CHANGES IN NET POSITION**  
For the fiscal years ended December 31, 2004 through 2013  
(accrual basis of accounting)

	<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>	<u>2013</u>
<b>Expenses:</b>										
Governmental activities:										
General government	\$ 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	\$ 13,569,972
Public safety	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	37,877,728
Health and social services	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	37,250,748
Education and recreation	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	5,581,326
Development	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	2,353,909
Highways and streets	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	5,221,320
Interest and fiscal charges	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	1,673,271
Total governmental activities expenses	<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>	<u>103,528,274</u>
Business-type activities:										
Healthcare Center	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	16,355,002
Reefpoint Marina	-	-	-	-	-	-	-	-	1,181,067	1,249,377
Behavioral Health Services	-	-	-	-	-	-	-	-	-	8,674,917
Golf Courses	175,707	203,698	223,706	204,218	208,672	206,099	232,445	236,165	262,551	287,433
Total Business-type activities expenses	<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>	<u>26,566,729</u>
Total expenses	<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>	<u>\$ 130,095,003</u>
<b>Program Revenues:</b>										
Governmental activities:										
Charges for services										
General government	\$ 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	\$ 4,573,756
Public safety	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	2,921,337
Health and social services	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	1,857,573
Education and recreation	309,923	346,023	247,248	265,734	283,086	276,205	261,235	244,946	259,031	266,987
Development	483,539	365,533	627,803	510,589	387,198	398,080	430,785	428,282	205,898	229,684
Highways and streets	2,981,187	3,645,523	-	-	-	-	-	-	-	-
Operating grants and contributions	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	36,635,567
Capital grants and contributions	2,962,688	1,213,004	239,882	566,080	544,396	105,723	3,724,789	494,122	1,088,365	1,636,688
Total governmental activities program revenues	<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>	<u>48,121,592</u>
Business-type activities:										
Charges for services										
Healthcare Center	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	15,148,338
Reefpoint Marina	-	-	-	-	-	-	-	-	1,431,574	1,286,692
Behavioral Health Services	-	-	-	-	-	-	-	-	-	8,982,852
Golf Courses	376,340	405,133	432,681	445,247	402,179	408,822	409,461	289,804	314,984	294,076
Total business-type activities program revenues	<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>	<u>25,711,958</u>
Total program revenues	<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>	<u>\$ 73,833,550</u>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (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)	\$ (55,406,682)
Business-type activities	(2,977,915)	(3,541,905)	(1,755,443)	(665,219)	282,460	652,662	611,922	659,065	(693,878)	(854,771)
Total net expense	<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>	<u>\$ (56,261,453)</u>

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

Governmental activities:											
Property taxes	\$ 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	\$ 51,378,111	
Other taxes	-	-	-	-	-	-	-	-	92,821	323	
Grants and contributions not restricted to specific programs	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	2,757,895	
Unrestricted investment earnings	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	3,487,113	
Gain (loss) on sale of capital assets	(255,622)	1,145,335	-	365,033	-	-	3,322,839	4,128,649	-	-	
Other	1,386,259	954,445	791,759	989,139	1,072,460	1,341,935	1,190,070	1,401,946	1,115,493	1,206,511	
Transfers	(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)	(216,779)	
Total governmental activities	<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>	<u>58,613,174</u>	
Business-type activities:											
Unrestricted investment earnings	-	-	-	-	-	-	-	-	67	47	
Gain (loss) on sale of capital assets	3,172	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	96	-	-	
Transfers	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	216,779	
Total business-type activities	<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>	<u>216,826</u>	
Total	<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>	<u>\$ 58,830,000</u>	
<b>Change in Net Position:</b>											
Governmental activities	\$ 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)	\$ 3,206,492	
Business-type activities	(741,267)	(38,562)	(31)	551,775	400,495	(44,691)	1,616,069	2,217,437	439,545	(637,945)	
Total	<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>	<u>\$ 2,568,547</u>	

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 3 - FUND BALANCES, GOVERNMENTAL FUNDS**  
**For the fiscal years ended December 31, 2004 through 2013**  
**(modified accrual basis of accounting)**

	<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>	<u>2013</u>
General Fund:										
Reserved	\$ 9,574,760	\$ 9,045,064	\$ 8,875,786	\$ 10,128,884	\$ 10,416,277	\$ 11,952,172	\$ 13,866,026	\$ -	\$ -	\$ -
Unreserved	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	15,800,363
Restricted	-	-	-	-	-	-	-	712,400	311,936	312,246
Committed	-	-	-	-	-	-	-	16,956,084	14,307,806	16,293,451
Unassigned	-	-	-	-	-	-	-	17,942,581	15,193,056	15,704,799
Total General Fund	<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>	<u>48,110,859</u>
Other governmental funds:										
Reserved	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	6,792,802	6,522,308	6,936,368	1,681,422	1,392,535	3,502,467	5,546,339	-	-	-
Capital Projects Fund	-	-	(393,605)	(217,852)	2,823,422	2,288,885	2,411,224	-	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	298,773	276,631	271,627
Restricted	-	-	-	-	-	-	-	409,299	622,723	1,851,244
Committed	-	-	-	-	-	-	-	5,522,886	5,327,949	4,136,469
Assigned	-	-	-	-	-	-	-	4,941,189	5,145,598	5,695,115
Unassigned (deficit)	-	-	-	-	-	-	-	-	-	(46,588)
Total other governmental funds	<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>	<u>11,907,867</u>
<b>TOTAL FUND BALANCES</b>	<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>	<u>\$ 60,018,726</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, 2004 through 2013**  
**(modified accrual basis of accounting)**

	<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>	<u>2013</u>
<b>Revenues:</b>										
Property taxes	\$ 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	\$ 51,109,127
Intergovernmental	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	40,536,437
Fines and fees	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	8,655,700
Interest income	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	3,487,113
Miscellaneous	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	2,413,387
Total revenues	<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>	<u>106,201,764</u>
<b>Expenditures:</b>										
Current:										
General government	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	12,566,127
Public safety	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	33,667,840
Health and social services	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	37,012,809
Education and recreation	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	4,995,648
Development	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	1,357,363
Highways and streets	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	7,777,129
Capital outlay	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	5,765,958
Debt service principal	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	5,511,131
Debt service interest and fiscal charges	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	1,619,324
Total Expenditures	<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>	<u>110,273,329</u>
Excess (deficiency) of revenues over expenditures	<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>	<u>(4,071,565)</u>
<b>Other Financing Sources (Uses):</b>										
Transfers in	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	15,049,544
Transfers out	(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)	(16,243,668)
Issuance of general obligation debt	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	7,020,000
Issuance of refunding bonds	-	2,570,000	-	-	-	-	-	-	-	14,880,000
Net premium on issuance of debt	-	30,885	152,954	12,578	37,539	6,720	-	-	73,784	1,902,105
Payment to refunding bond escrow agent	-	(2,707,037)	-	-	-	-	-	-	-	(15,607,538)
Sale of property	493,750	1,408,850	2,638	365,033	-	-	-	3,700	10,400	-
Total other financing sources (uses)	<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>	<u>7,000,443</u>
<b>Net change in fund balances</b>	<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>	<u>\$ 2,928,878</u>
<b>Capitalized expenditures</b>	\$ 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	\$ 8,756,298
<b>Debt Service as a percent of noncapital expenditures (a)</b>	3.24%	2.88%	3.59%	4.46%	5.12%	5.40%	5.69%	5.30%	11.76%	7.02%

**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, 2004 through 2013

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						
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
2013	10,554,091,100	2,538,531,400	430,052,000	284,344,700	309,975,700	14,116,994,900	653,365,750	13,463,629,150	51,011,985	3.79

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	2013			2004		
	Taxable Assessed		Rank	Taxable Assessed		Rank
	Value	Percentage of Total County Taxable Assessed Value		Value	Percentage of Total County Taxable Assessed Value	
S.C. Johnson & Son, Inc.	\$ 117,338,650	1	0.89%	\$ 106,613,200	1	1.03%
Racine Joint Venture (Regency Mall)	113,149,900	2	0.86%	64,149,000	2	0.62%
Centerpoint Properties Trust	75,302,300	3	0.57%			
Continental 63 & 81 Fund LLC (Wal-Mart Stores)	43,635,800	5	0.33%	20,722,100	6	0.20%
All Saints Health Care	44,151,800	4	0.34%	35,109,200	3	0.34%
CNH Global	32,872,100	7	0.25%	33,882,900	4	0.33%
Aurora Medical Group	33,543,200	6	0.26%	24,714,600	5	0.24%
Inland Southeast Mt. Pleasant (Village Center Mall)	26,024,500	8	0.20%	17,814,000	8	0.17%
Bombardier Motor Corp Of America				17,931,600	7	0.17%
High Ridge Improvements	16,400,000	10	0.12%	16,285,000	9	0.16%
American National Insurance f/k/a Shoemaker Prop.				16,248,100	10	0.16%
BRP US Inc	20,068,700	9	0.15%			
<b>Totals</b>	<b>\$ 522,486,950</b>		<b>3.97%</b>	<b>\$ 353,469,700</b>		<b>3.42%</b>
<b>Total County Taxable Assessed Value</b>	<b>\$ 13,153,653,450</b>			<b>\$ 10,331,915,550</b>		

**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, 2004 through 2013**

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
2003	2004	\$ 237,081,237	\$ 233,608,111	98.54%	\$ 3,451,242	\$ 237,059,354	99.99%
2004	2005	251,899,220	248,228,565	98.54%	3,655,122	251,883,687	99.99%
2005	2006	256,705,260	253,017,402	98.56%	3,661,912	256,679,314	99.99%
2006	2007	277,621,142	272,518,975	98.16%	5,018,957	277,537,932	99.97%
2007	2008	290,222,257	283,893,148	97.82%	6,095,435	289,988,583	99.92%
2008	2009	305,393,464	298,193,484	97.64%	6,748,490	304,941,974	99.85%
2009	2010	318,063,935	310,315,192	97.56%	6,839,529	317,154,721	99.71%
2010	2011	322,502,719	315,464,185	97.82%	5,102,089	320,566,274	99.40%
2011	2012	329,272,692	321,913,844	97.77%	3,323,701	325,237,545	98.77%
2012	2013	338,189,017	330,830,169	97.82%	-	331,065,682	97.89%

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, 2004 through 2013  
(rates per \$1,000 of equalized value)

	2013 Equalized Value (f)	Levy Year									
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>County direct rates</b>											
General	\$ 12,843,452,250	\$ 3.56	\$ 3.39	\$ 3.15	\$ 3.09	\$ 3.11	\$ 3.16	\$ 3.29	\$ 3.33	\$ 3.57	\$ 3.74
County Schools (a)	4,474,580,253	1.81	1.64	0.17	0.20	0.20	0.15	0.14	0.14	0.15	0.25
Bridge Aids (b)	3,304,341,400	0.05	0.01	-	-	0.02	0.01	-	0.01	0.03	0.27
Lakeshore Library (c)	8,073,212,300	0.29	0.26	0.24	0.23	0.22	0.22	0.24	0.24	0.27	-
Total County direct rates		5.71	5.30	3.56	3.52	3.55	3.54	3.67	3.72	4.01	4.25
<b>Overlapping rates (g)</b>											
Cities:											
Burlington (d)	\$ 635,288,900	\$ 22.99	\$ 22.85	\$ 18.97	\$ 20.54	\$ 20.56	\$ 20.58	\$ 20.95	\$ 21.77	\$ 21.80	\$ 24.09
Racine	3,139,701,950	24.22	22.26	21.27	21.11	21.96	22.80	23.84	25.47	28.47	29.13
Towns:											
Burlington	\$ 608,486,500	\$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	\$17.29-18.18
Dover	319,823,300	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	16.96-20.06
Norway	764,192,300	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	14.93-17.69
Raymond	430,726,800	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	18.62-19.75
Rochester (e)	n/a	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	n/a
Waterford	708,435,700	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	18.06-18.70
Yorkville	472,676,800	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	18.41-19.41
Villages:											
Caledonia	\$ 1,918,184,300	\$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	19.99-20.86
Elmwood Park	35,041,000	15.99	15.00	14.33	14.07	14.79	15.74	16.08	16.11	17.29	19.54
Mount Pleasant	2,253,733,100	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	21.16
North Bay	33,674,700	17.84	16.59	15.81	14.50	17.43	17.43	21.83	22.04	23.38	20.99
Rochester	342,976,000	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	17.15-19.52
Sturtevant	304,597,500	19.62	18.18	17.52	17.40	17.99	18.82	20.82	21.08	23.16	22.74
Union Grove	275,405,500	20.40	19.11	20.14	19.00	19.33	20.16	21.88	21.53	23.63	23.67
Waterford	376,867,600	21.56	19.63	19.65	19.51	19.73	21.40	21.46	21.76	21.89	21.95
Wind Point	223,640,300	16.58	15.03	14.41	13.84	14.30	15.24	16.32	16.98	17.05	16.38

**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, 2004 through 2013**

Fiscal Year	Equalized Valuation (a)	Governmental Activities				Business-type Activities		Total General Obligation Debt	Percent of Debt to Equalized Valuation	Percent of Debt to Personal Income (b)	Debt Per Capita (b)
		Tax Exempt General Obligation Notes	Tax Exempt General Obligation Bonds	State Trust Fund Loans	Taxable General Obligation Bonds	Tax Exempt General Obligation Bonds	Tax Exempt General Obligation Notes				
2004	\$10,965,780,800	\$ 17,921,517	\$ -	\$ 168,079	\$10,225,000	\$ 4,325,000	\$ 2,043,483	\$ 34,683,079	0.32%	0.56%	\$ 180.78
2005	12,081,482,000	17,401,517	-	152,517	10,120,000	4,285,000	2,043,483	34,002,517	0.28%	0.54%	175.96
2006	13,298,078,200	16,847,288	18,970,000	136,255	9,985,000	4,050,000	1,857,712	51,846,255	0.39%	0.78%	266.45 (c)
2007	14,830,365,800	16,493,060	18,445,000	119,261	9,815,000	3,805,000	1,671,941	50,349,262	0.34%	0.72%	258.05
2008	15,659,760,100	17,504,637	17,920,000	101,515	9,605,000	3,550,000	1,480,364	50,161,516	0.32%	0.69%	255.51
2009	15,992,707,300	18,644,116	17,395,000	82,958	9,355,000	3,285,000	1,285,885	50,047,959	0.31%	0.69%	254.85
2010	15,912,047,700	16,870,000	16,870,000	63,566	9,055,000	3,010,000	2,725,000	48,593,566	0.31%	0.66%	248.68
2011	15,228,632,600	23,324,198	16,115,000	43,301	8,705,000	1,082,697	870,800	50,140,996	0.33%	0.67%	256.84
2012	15,041,416,400	34,594,499	15,330,000	-	-	7,430,000	635,501	57,990,000	0.39%	0.73%	296.80 (c)
2013	14,116,994,900	34,732,986	17,530,000	-	-	6,905,000	552,014	59,720,000	0.42%	*	305.98

**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 jail expansion project in 2006 and marina acquisition in 2012.
- \* Information not yet available

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

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 10 - RATIOS OF GENERAL BONDED DEBT**  
For the fiscal years ended December 31, 2004 through 2013

<b>Fiscal Year</b>	<b>Total General Bonded Debt (Table 9)</b>	<b>Reserved Funds for Debt Service (a)</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>
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	51,846,255	694,569	51,151,686	13,298,078,200	0.38%	194,580	262.88
2007	50,349,262	702,099	49,647,163	14,830,365,800	0.33%	195,113	254.45
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	48,593,566	361,848	48,231,718	15,912,047,700	0.30%	195,408	246.83
2011	50,140,996	193,570	49,947,426	15,228,632,600	0.33%	195,225	255.85
2012	57,990,000	66,024	57,923,976	15,041,416,400	0.39%	195,386	296.46
2013	59,720,000	1,125,099	58,594,901	14,116,994,900	0.42%	195,174	300.22

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

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, 2004 through 2013**  
**(dollars in thousands)**

	<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>	<u>2013</u>
Equalized Value of Taxable Property (a)	\$ 12,081,482	\$ 13,298,078	\$ 14,830,366	\$ 15,659,760	\$ 15,992,707	\$ 15,912,048	\$ 15,228,633	\$ 15,041,416	\$ 14,116,995	\$ 13,438,849
Wisconsin Statutory Debt Limit (b)	\$ 604,074	\$ 664,904	\$ 741,518	\$ 782,988	\$ 799,635	\$ 795,602	\$ 761,432	\$ 752,071	\$ 705,850	\$ 671,942
Debt Applicable to Limit:										
General Obligation Debt (c)	\$ 34,683	\$ 34,003	\$ 51,846	\$ 50,349	\$ 50,162	\$ 50,048	\$ 48,594	\$ 50,141	\$ 57,990	\$ 59,720
Less Debt Service Funds (d)	(1,153)	(827)	(695)	(702)	(529)	(683)	(362)	(194)	(66)	(1,125)
Total net debt applicable to limit	\$ 33,530	\$ 33,176	\$ 51,151	\$ 49,647	\$ 49,633	\$ 49,365	\$ 48,232	\$ 49,947	\$ 57,924	\$ 58,595
Legal Debt Margin	\$ 570,544	\$ 631,728	\$ 690,367	\$ 733,341	\$ 750,002	\$ 746,237	\$ 713,200	\$ 702,124	\$ 647,926	\$ 613,347
Debt Capacity Used	5.6%	5.0%	6.9%	6.3%	6.2%	6.2%	6.3%	6.6%	8.2%	8.7%

**Notes:**

(a) The Equalized value shown on this table is as of January 1 of each year.

(b) State statutes limit the County's general obligation debt to 5% of its total equalized valuation.

(c) The County annually issues debt for budgeted capital projects. In 2003, the County issued an additional \$10.47 million to pay the County's unfunded pension liability to the Wisconsin Retirement System (debt was issued at a rate lower than the 8% rate being paid to WRS). In 2006, the County issued an additional \$18.97 million to fund the jail expansion and in 2012, the County issued \$5 million to fund the acquisition of the marina.

(d) Fund Balances restricted for debt service per Balance Sheet - Governmental Funds

**COUNTY OF RACINE**  
**TABLE 12 - DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**For the fiscal years ended December 31, 2004 through 2013**

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
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	3,617	10.0%	8.3%
2011	195,225	38,425	7,501,520,625	21,100	4,829	8.9%	7.5%
2012	195,386	40,510	7,915,086,860	30,524	4,866	8.4%	6.6%
2013	195,174	*	*	30,105	5,241	7.6%	5.8%

\* 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>2013</u>		<u>2004</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, 2004 through 2013**

<b>Function / Program</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>2013</b>
<b>General Government:</b>										
Building & Facilities Management Division	14.80	14.00	13.00	12.00	12.00	12.32	12.38	12.38	13.00	13.00
Clerk of Circuit Court Office	37.00	36.00	40.00	39.00	39.00	40.00	40.00	38.63	33.50	30.75
Corporation Counsel	5.60	5.60	5.60	5.30	5.30	5.30	5.20	5.10	5.10	5.10
County Board	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.00	21.00	21.00
County Clerk	3.50	3.50	3.50	3.50	3.50	3.50	3.50	4.00	4.25	4.25
County Executive	2.25	2.25	2.25	2.25	2.25	2.18	2.18	2.18	2.18	2.18
County Treasurer	4.50	4.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00	5.00
District Attorney's Office	11.50	11.00	10.00	10.70	10.70	10.90	10.05	10.05	9.65	9.65
Finance Department (d)	11.00	10.00	12.50	12.50	12.75	10.03	9.38	11.83	11.90	12.90
Human Resources Department	7.00	7.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Information Systems Department	12.00	8.00	8.00	8.00	6.00	6.00	6.00	7.00	7.00	6.00
Land Information Office	1.40	1.60	1.60	1.80	2.60	0.25	0.25	0.32	0.25	0.25
Medical Examiner Office	2.08	2.08	2.08	2.08	2.08	1.83	1.83	1.83	1.08	1.08
Print & Mail Division	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Real Property Lister Division (f)	3.00	2.50	2.44	2.44	2.44	2.44	2.44	2.44	2.44	-
Register of Deeds	7.00	6.50	6.44	6.44	6.44	6.44	5.44	5.44	5.44	7.00
UW - Extension	2.00	2.00	2.00	0.70	-	-	-	-	-	-
Veterans Service Office	1.50	1.50	1.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Victim Witness Office	7.00	7.50	6.50	6.45	6.45	6.45	6.45	7.33	7.33	6.00
<b>Public Safety:</b>										
Communications / Dispatch (c)	46.00	47.00	47.00	19.00	20.00	19.00	19.00	51.00	51.00	51.00
Emergency Management Office	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.18	1.18
Jail and Jail Alternatives	114.00	114.00	114.00	123.00	123.00	116.08	106.08	106.08	102.08	96.08
Sheriff's Office	135.70	132.70	119.70	119.65	120.65	121.43	117.15	120.70	119.00	120.00
<b>Health and Social Services:</b>										
Child Support Division	44.00	38.00	36.50	32.30	29.30	28.30	28.28	28.25	28.25	23.50
Family Court Commissioner (e)	7.00	6.00	5.00	5.00	5.00	5.00	5.00	-	-	-
Human Services Division	217.50	211.50	205.00	199.50	196.50	196.50	182.00	182.00	168.50	160.30
Ridgewood Care Center	166.20	157.53	149.33	148.90	149.90	149.08	148.08	148.08	144.68	158.28
<b>Education and Recreation:</b>										
County Schools Office (b)	190.50	188.80	-	-	-	-	-	-	-	-
Parks Division (a)	28.90	28.90	29.30	28.90	27.57	27.57	14.65	14.65	8.92	10.17
<b>Development:</b>										
Land Conservation Division	2.00	3.00	3.50	3.50	3.50	3.50	3.50	3.50	2.70	2.25
Planning and Development	11.60	9.40	8.90	8.70	7.90	6.25	6.25	6.18	5.60	5.99
Highways and Streets (a)	74.90	73.90	73.41	71.27	71.54	72.54	66.48	66.48	60.73	57.54
	<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>	<b>819.42</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) Communications department was created in 2011 to manage the County's joint dispatch operations.

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

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

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

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 15 - OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**For the fiscal years ended December 31, 2004 through 2013**

<b><u>Function / Program</u></b>	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>
<b>Public Safety - Sheriff</b>										
Calls for Service (a)	63,941	64,839	59,372	57,376	49,761	49,116	55,999	55,220	72,156	75,442
Arrests (d)	25,024	25,685	21,486	21,985	20,804	22,145	29,118	31,085	37,233	32,067
Sworn Personnel	192	180	167	165	150	141	134	136	136	136
Average Daily Jail Population	645	671	683	723	788	790	702	688	675	684
Jail Bookings	10,680	10,829	11,650	11,624	11,118	10,642	9,710	9,676	9,285	9,154
<b>Health and Social services - Human Service</b>										
Economic Support Services										
Unduplicated Caseload (b)	12,001	12,529	12,828	13,851	15,997	16,027	15,308	17,942	22,157	24,716
Youth Apprehended (c)	1,033	1,050	891	799	720	630	1,224	1,350	1,230	1,134
Mental Health Inpatient Days	3,101	3,929	3,577	3,914	4,059	4,135	4,239	3,527	3,366	3,769
WDC Job Center of Wisconsin listings	6,137	9,768	7,808	8,555	2,870	1,527	4,107	4,089	4,602	5,747
<b>Ridgewood Healthcare Center</b>										
Admissions	206	373	341	334	476	425	474	449	473	483
Discharges	206	372	354	346	478	420	485	448	447	484
<b>Education and Recreation - Parks (estimated)</b>										
Daily Cliffside Park Camping Nights	4,848	5,208	5,874	6,603	6,918	5,880	4,533	4,930	4,941	5,585
Daily Fischer & Quarry Lake Entrance	20,097	32,513	25,950	24,970	20,225	17,842	23,444	22,563	24,805	24,628
Daily Fischer & Eagle Boat Launches	6,792	8,191	6,584	6,464	6,449	4,598	5,055	4,562	4,981	4,851
<b>Highways and Streets - Lane Miles Maintained</b>										
County	330	330	330	340	340	340	340	340	340	338
State	685	685	685	600	677	677	677	677	677	684

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

**Notes:**

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

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

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

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

**COUNTY OF RACINE, WISCONSIN**  
**TABLE 16 - CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**For the fiscal years ended December 31, 2004 through 2013**

<u>Function / Program</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>	<u>2013</u>
<b>Public safety</b>										
Sheriff Patrol Units	25	25	25	25	25	27	27	28	28	28
Sheriff Stations	2	2	2	2	2	2	2	2	2	2
Jail Beds (a)	650	650	650	860	876	876	876	876	876	876
<b>Health and social services</b>										
Licensed Beds at Ridgewood Healthcare Center	210	210	210	210	210	210	210	210	200	200
<b>Education and recreation (b)</b>										
Park Acreage:										
Harbor / Marina	127	127	127	127	127	127	127	127	127	127
Fox River Parkway	115	115	115	115	117	117	117	117	117	117
Root River Parkway	634	669	665	655	655	655	655	676	676	676
All Other Park Land	1,400	1,400	1,400	1,405	1,405	1,405	1,408	1,408	1,484	1,484
Bike Trail Miles	33	34	34	34	34	37	37	37	37	37
Golf Acreage	427	427	427	427	427	427	427	427	427	427
<b>Highways and streets</b>										
Vehicles and Pieces of Equipment	700	700	700	672	623	620	576	578	549	548
Centerline Miles of County Roads	330	330	330	165	170	170	170	170	170	164
Bridges	16	16	16	16	16	16	16	16	16	21
Dams	6	6	6	6	6	6	6	6	6	6
Car Pool Fleet (Administered by PW)	12	12	12	12	12	12	11	10	12	13

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

**Notes:**

- (a) Increase of jail beds in 2007 is due to the jail expansion project that was completed during 2007.
- (b) In 2013, all year's recorded amounts have been updated due to change of format and source document.