

CITY OF RACINE

Racine, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2020

CITY OF RACINE

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Common Council
City of Racine
Racine, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Racine, Wisconsin, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City 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 did not audit the financial statements of the Racine Water and Wastewater Utilities, both major enterprise funds which represent 84 percent, 78 percent and 80 percent, respectively of the assets, net position and revenues of the business-type activities or the Downtown Racine Business Improvement District #1, a discretely presented component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Racine Water and Wastewater Utilities, both major enterprise funds, and the Downtown Racine Business Improvement District #1, is based solely on the reports of the other auditors. 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. The financial statements of Racine Water and Wastewater Utilities, both major enterprise funds, and the Downtown Racine Business Improvement District #1, were not audited in accordance with *Government Auditing Standards*.

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 City 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 City 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.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Racine, Wisconsin, as of December 31, 2020 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Matters (continued)

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

Baker Tilly US, LLP

Milwaukee, Wisconsin
July 26, 2021

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

As management of the City of Racine, we offer readers of the City of Racine's financial statements this narrative overview and analysis of the financial activities of the City of Racine for the fiscal year ended December 31, 2020.

Financial Highlights

- The assets and deferred outflows of resources of the City of Racine exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$144,104,003 (net position).
- The City's total net position increased by \$42,108,702.
- As of the close of the current fiscal year, the City of Racine's governmental funds reported combined ending fund balances of \$82,664,187, a decrease of \$465,857, in comparison with the prior year. Approximately 24.58% of this amount, \$20,315,673, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$21,061,353 or 25% of total general fund expenditures.
- Total long term obligations decreased by approximately \$56.3 million for the fiscal year ended December 31, 2020. Long term obligation activity during the year included the following:
 - \$14.305 million note anticipation notes issued for capital project purposes.
 - \$900,000 Board of Commissioners loan issued for development purposes.
 - \$10.525 million of general obligation refunding debt issued for advance and current refunding of various general obligation bonds
 - \$13.755 million of general obligation refunding bonds issued to current refund the \$14.305M Note anticipation note.
 - Principal paid on general obligation outstanding debt was \$38.195 million
 - Principal paid on revenue obligations outstanding was \$10.8 million
 - Net OPEB obligation decreased by approximately \$32 million
 - Net life insurance liability increased by \$1.7 million
 - Pension liability decreased by \$17 million

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Racine's basic financial statements. The City of Racine's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Racine's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City of Racine's assets, deferred outflows of resources, liabilities and deferred inflows of resources, 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 City of Racine is improving or deteriorating.

The statement of activities presents information showing how the government's 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 the future fiscal periods (e.g., uncollected taxes).

CITY OF RACINE

Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Government-wide Financial Statements (cont.)

Both the government-wide financial statements distinguish functions of the City of Racine 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 the City of Racine include general government, community development, health, education and recreation, public works, and public safety. The business-type activities of the City of Racine include the Water Utility, Wastewater Utility, Transit System, Storm Water Utility, Parking Utility, Golf Courses, Civic Centre, and Radio Repair.

The government-wide financial statements include not only the City of Racine itself (known as the primary government), but also a legally separate Business Improvement District and Redevelopment Authority for which the City of Racine is financially accountable. Financial information for these component units is reported separately from the financial information presented in the primary government itself.

The government-wide financial statements can be found on pages 17-19 of this report.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows 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 the 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 statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

CITY OF RACINE

Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Governmental Funds (cont.)

The City of Racine maintains numerous 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 Debt Service Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregate presentation. Nonmajor governmental fund data is provided in the form of combining worksheets elsewhere in the report.

The City of Racine adopts an annual appropriated budget for various funds. Amendments are made during the year to the adopted budgets. Budgetary comparison statements have been provided for all budgeted funds with both the adopted and amended budgets.

The basic governmental fund financial statements can be found on pages 20-24 of this report.

Proprietary Funds

The City of Racine maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The City of Racine uses enterprise funds to account for its Water, Wastewater, Storm Water and Parking Utilities as well as its Transit System, Civic Centre, Golf Courses, and Radio Repair Facility. The Water Utility, Wastewater Utility, Storm Water Utility and Transit System are all considered to be major funds of the City of Racine.

The City uses internal service funds to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. The City uses internal service funds to account for its Equipment Maintenance Garage, Information Systems, Building Complex, Telephone System, and Health Insurance. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 25-31 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Racine's own programs. The City of Racine has one fiduciary fund. The fiduciary fund, the Tax Collecting fund, records the tax roll and tax collections for other taxing jurisdictions within the City of Racine. The accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary financial statements can be found on pages 32 and 33 of this report.

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Notes to the Financial Statements

The notes provide additional information that is essential to gain 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 34-105 of this report.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental and proprietary funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 110-138 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. December 31, 2020 and 2019 City's assets exceeded liabilities by \$144,104,003 and \$101,995,301 respectively.

The largest portion of the City's net position is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City used these capital assets to provide services to citizens and therefore they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, the resources need to repay this debt must be provided from other resources, since the capital assets cannot be used to liquidate these liabilities. The City's net investment in capital assets was \$366,070,677 and \$331,447,604 at December 31, 2020 and 2019.

An additional portion of the City of Racine's governmental activities net position represents restricted net position, or resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors. Restricted net position was \$66,910,276 and \$52,381,013 and unrestricted net position was \$(289,182,058) and \$(281,833,316) as of December 31, 2020 and 2019 respectively.

The City's governmental activities had a deficit unrestricted net position of \$(244,081,496) and \$(244,975,562) as of December 31, 2020 and 2019 respectively. The deficit is primarily the result of the City's OPEB obligation.

The City's net OPEB obligation was recalculated in 2019 in accordance with the implementation of GASB #75. The City's total healthcare OPEB obligation was \$278,264,534 and \$309,254,108 as of December 31, 2020 and 2019 respectively.

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Government-wide Financial Analysis (cont.)

Condensed financial information from the statements of net position is presented below for the years ended December 31, 2020 and 2019. Amounts are expressed in thousands.

	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
Current and other assets	\$ 190,270	\$ 166,382	\$ 67,636	\$ 82,586	\$ 257,906	\$ 248,968
Capital assets	<u>205,044</u>	<u>203,315</u>	<u>321,064</u>	<u>277,238</u>	<u>526,108</u>	<u>480,553</u>
Total assets	<u>395,314</u>	<u>369,697</u>	<u>388,700</u>	<u>359,824</u>	<u>784,014</u>	<u>729,521</u>
Deferred outflows of resources	<u>44,181</u>	<u>59,320</u>	<u>7,610</u>	<u>8,984</u>	<u>51,791</u>	<u>68,304</u>
Current and other liabilities	12,876	12,480	8,867	6,129	21,743	18,609
Liabilities payable from restricted assets	-	-	14,771	14,407	14,771	14,407
Long-term liabilities	<u>350,850</u>	<u>390,210</u>	<u>142,068</u>	<u>161,000</u>	<u>492,918</u>	<u>551,210</u>
Total liabilities	<u>363,726</u>	<u>402,690</u>	<u>165,706</u>	<u>181,536</u>	<u>529,432</u>	<u>584,226</u>
Deferred inflows of resources	<u>147,303</u>	<u>102,850</u>	<u>14,967</u>	<u>8,754</u>	<u>162,270</u>	<u>111,604</u>
Net position:						
Net Investment in capital assets	117,078	126,348	252,705	209,731	366,071	317,297
Restricted	55,470	42,105	11,744	10,276	67,214	52,381
Unrestricted	<u>(244,081)</u>	<u>(244,976)</u>	<u>(48,812)</u>	<u>(41,489)</u>	<u>(289,182)</u>	<u>(255,129)</u>
Total net position	<u>\$ (71,533)</u>	<u>\$ (76,523)</u>	<u>\$ 215,637</u>	<u>\$ 178,518</u>	<u>\$ 144,103</u>	<u>\$ 101,995</u>

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Government-wide Financial Analysis (cont.)

Condensed financial information from the statement of activities is presented below for the year ended December 31, 2020 and 2019. Amounts are expressed in thousands.

	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	Governmental	Governmental	Business-Type	Business-Type		
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Revenues						
Charges for services	\$ 18,019	\$ 16,565	\$ 42,374	\$ 45,165	\$ 60,393	\$ 61,730
Operating grants and contributions	14,492	10,814	8,578	5,880	23,070	16,694
Capital grants and contributions	399	316	38,206	4,964	38,605	5,280
Taxes	54,881	56,375	1,785	1,582	56,666	57,957
Intergovernmental revenues not restricted to specific programs	32,592	33,351	-	-	32,592	33,351
Investment income	1,728	2,737	236	436	1,964	3,173
Other	1,726	2,970	19	15	1,745	2,985
Total revenues	<u>123,837</u>	<u>123,128</u>	<u>91,198</u>	<u>58,042</u>	<u>215,035</u>	<u>181,170</u>
Expenses						
General government	13,098	17,783	-	-	13,098	17,783
Community development	12,801	8,292	-	-	12,801	8,292
Health	4,332	3,662	-	-	4,332	3,662
Education and recreation	14,718	15,121	-	-	14,718	15,121
Public works	23,912	23,454	-	-	23,912	23,454
Public safety	49,167	61,965	-	-	49,167	61,965
Interest and fiscal charges	5,127	4,144	-	-	5,127	4,144
Water	-	-	17,246	17,404	17,246	17,404
Wastewater	-	-	13,633	14,415	13,633	14,415
Storm Water	-	-	5,667	5,397	5,667	5,397
Belle urban system	-	-	10,626	10,645	10,626	10,645
Other	-	-	2,600	3,085	2,600	3,085
Total expenses	<u>123,155</u>	<u>134,421</u>	<u>49,772</u>	<u>50,946</u>	<u>172,927</u>	<u>185,367</u>
Increase (decrease) in net position before transfers	682	(11,293)	41,426	7,096	42,108	(4,197)
Transfers	4,307	3,905	(4,307)	(3,905)	-	-
Increase (decrease) in net position	4,989	(7,388)	37,119	3,191	42,108	(4,197)
Net position-beginning of year	<u>(76,523)</u>	<u>(69,135)</u>	<u>178,518</u>	<u>175,327</u>	<u>101,995</u>	<u>106,192</u>
Net position-end of year	<u>\$ (71,534)</u>	<u>\$ (76,523)</u>	<u>\$ 215,637</u>	<u>\$ 178,518</u>	<u>\$ 144,103</u>	<u>\$ 101,995</u>

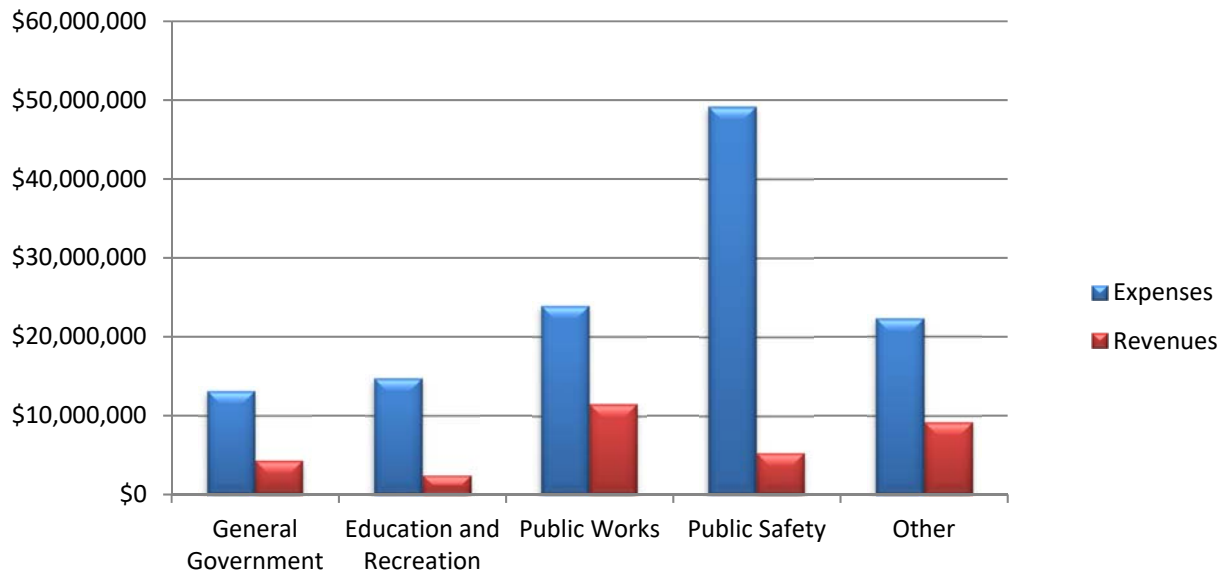
CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Governmental Activities

The net position in the governmental activities increased by approximately \$5 million during the fiscal year.

Expenses and Program Revenues-Governmental Activities:

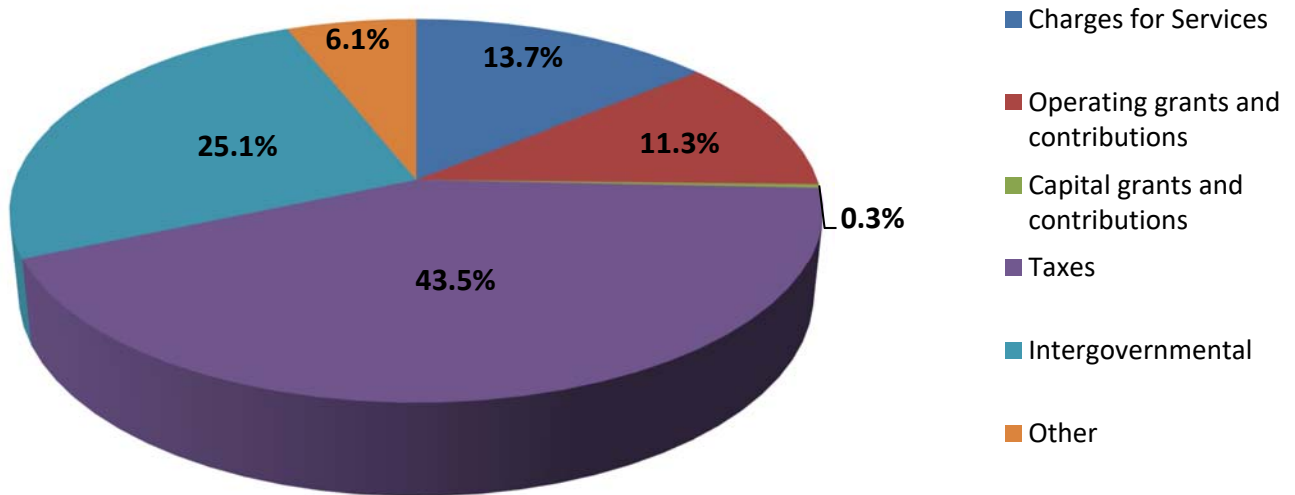


CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Governmental Activities (cont.)

Program and General Revenues by Source – Governmental Activities:



Business-type activities

Business-type activities net position increased by \$37.1 million during the fiscal year 2020. Key elements of this increase are as follows:

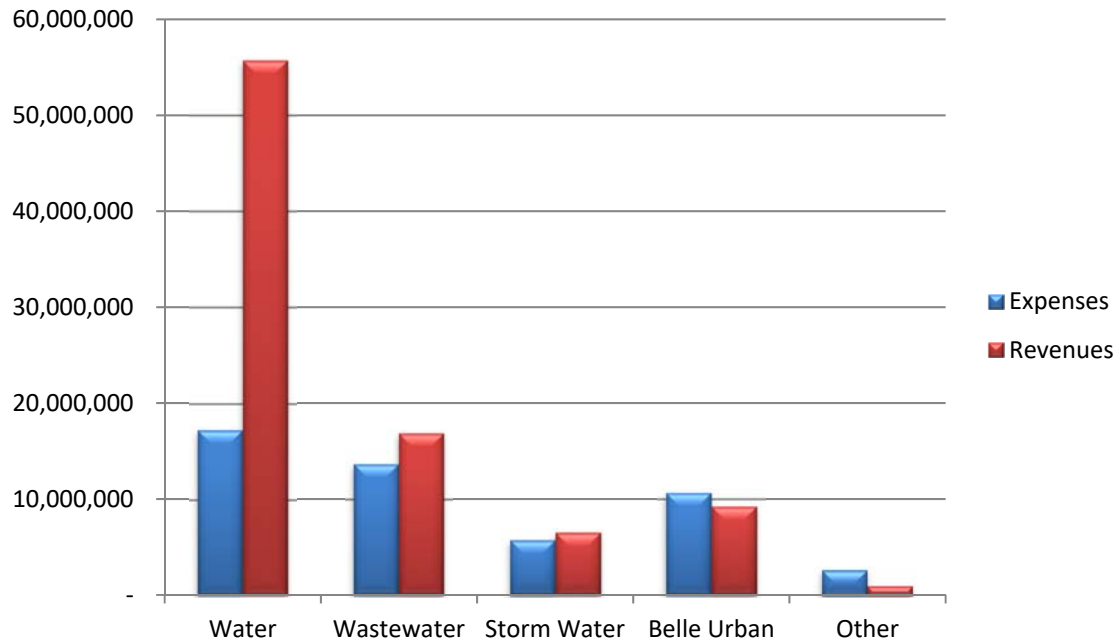
- The Water utility had an increase in net position of \$35 million. The increase in net position in the Water utility relates primarily to increases in capital contributions from Mt. Pleasant for water infrastructure.
- The Wastewater utility had an increase in net position of \$2.1 million.
- The Belle Urban Transit system had a slight increase in net position.
- The Storm Water Utility had a slight increase in net position of 848,455. This relates to an increase in revenue from storm charges and a decrease in expenses in the operations area.
- The Other Enterprise Funds of the City had a decrease of \$1,247,606 which relates primarily to lost revenue from the COVID 19 pandemic in the Parking System and Civic Center.

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Business-type activities (cont.)

Expenses and Program Revenues – Business-type Activities:

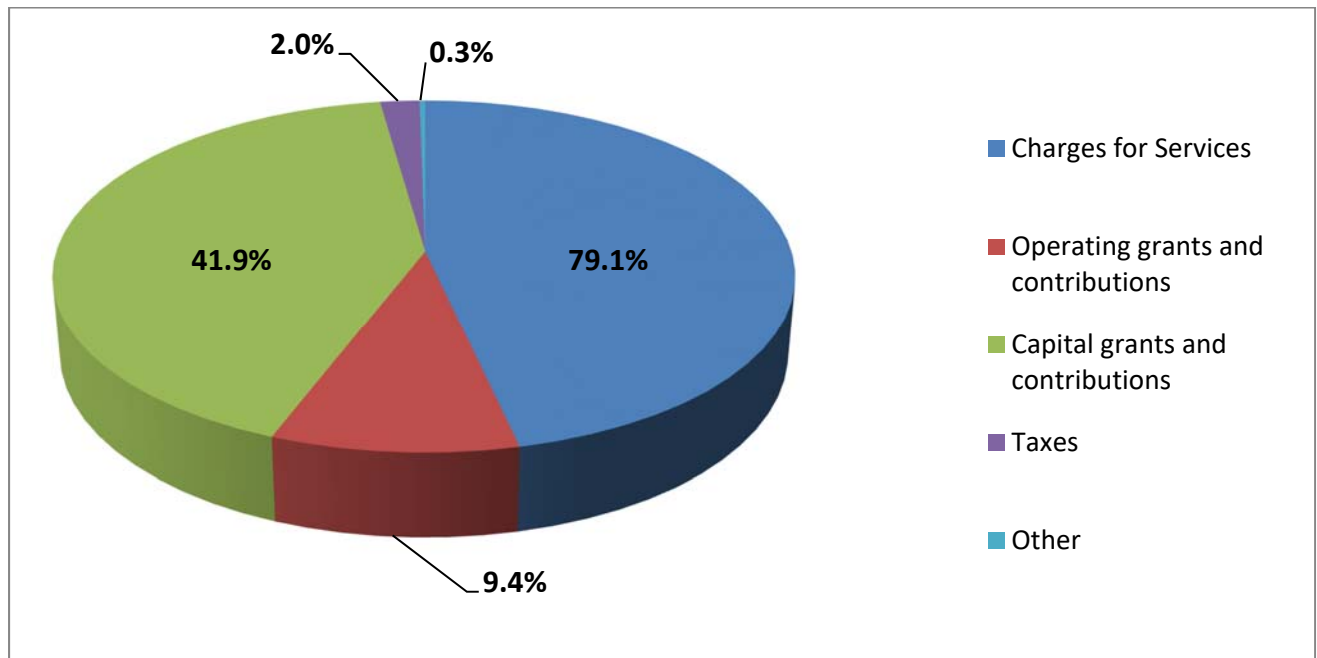


CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Business-Type Activities (cont.)

Revenues by Source – Business-type Activities:



Financial Analysis of the Government's Funds

As noted earlier, the City of Racine uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

As of the end of the current fiscal year, the City of Racine's governmental funds reported combined ending fund balances of \$82,664,187. Approximately 24.58% of this amount, \$20,315,673, constitutes unassigned fund balance which is available for spending at the government's discretion.

The general fund is the primary operating fund of the City of Racine. At the end of the current fiscal year, unassigned fund balance of the general fund was \$21,061,353, while total fund balance totaled \$36,098,533. Unassigned fund balance represents 25.00% of total general fund expenditures, while total fund balance represents 44% of total general fund expenditures. The Common Council has resolved that any unassigned fund balance in excess of 25% of general fund expenditures be assigned for wage and benefit provision. Assigned fund balance in the general fund was \$6,163,132 at December 31, 2020 of which \$5,163,132 was assigned for wage and benefit provision.

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Financial Analysis of the Government's Funds (cont.)

Although the general fund was budgeted to use \$1,783,090 of fund balances during 2020, the general fund added just over \$1.9 million to fund balance for the year ended December 31, 2020. The resulting \$3.7 million positive variance is primarily the result of expenditures under budget by just over \$1.7 million and revenues exceeding budget by 1.9 million. Due to the COVID-19 pandemic the City put a hiring freeze in place in attempts to offset anticipated lost revenues. The hiring freeze as well as reduction in services resulted in the overall expenditures significantly under budget. Positive revenue experience was the result of additional intergovernmental revenues from the Routes for Recovery program to offset costs associated with the pandemic.

The Debt service fund is another major governmental fund of the City of Racine. The fund accounts for principal and interest payments made on the City's outstanding debt obligations. The debt service fund has a total fund balance of at December 31, 2020 and 2019 of \$352,563 and \$401,050, all of which is restricted for the payment of debt service.

The Tax Incremental Districts is another major governmental fund of the City of Racine. The City added this fund as a major governmental fund this year in anticipation of significant development activity upcoming with the districts. The fund accounts for all activity within all of the open tax incremental districts in the City of Racine. The Tax Incremental District fund has a total fund balance of at December 31, 2020 and 2019 of \$9,100,579 and \$12,965,095, all of which is restricted for development within the districts.

The other governmental funds are non-major funds of the City of Racine. These funds account for various activities within the City including grant programs, special assessment and economic development activities, library and cemetery activities, endowments, and all the capital project funds of the city. The other governmental funds have a total fund balance of \$37,112,512 and \$35,615,550 in 2020 and 2019 respectively. The fund balances of these funds increased by almost \$1.5 million, during 2020. This was due primarily to intergovernmental proceeds into the intergovernmental revenue sharing fund that will be spent in future years.

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Financial Analysis of the Government's Funds (cont.)

Proprietary Funds – The City of Racine's proprietary funds provide the same type of information found in the government-wide statements.

Unrestricted net position for the Water utility at the end of 2020 and 2019 amounted to \$(11,845,451) and \$(7,329,545), for the Wastewater utility \$(31,070,160) and \$(27,297,760), for the Storm water utility \$(1,509,942) and \$(1,897,938), for the Belle urban system \$(1,688,692) and \$(3,061,085), and for the other enterprise funds \$(2,393,259) and \$(1,902,352). The total change in net position for the Water Utility for 2020 and 2019 was \$34,980,954 and \$3,894,889, the Wastewater Utility \$2,131,055 and \$1,188,982, the Storm water Utility \$848,455 and \$773,665, for the Belle urban system \$406,724 and \$(2,105,428), and for the Other Enterprise funds \$(1,247,606) and \$(561,188) respectively. Factors concerning the financial results of these funds have been addressed in the discussion of the City of Racine's business-type activities.

Capital Asset and Debt Administration

Capital Assets – The City of Racine's investment in capital assets for its governmental and business-type activities as of December 31, 2020 and 2019 amounted to \$366,070,677 and \$331,447,604 respectively, net of accumulated depreciation. This investment in capital assets includes land, land improvements, buildings and improvements, machinery and equipment, and infrastructure. Infrastructure includes street, roads, bridges, sidewalks, drainage system, sewer lines, shoreline walls, and other infrastructure. As of December 31, 2020 and 2019, capital assets, net of accumulated depreciation totaled \$526,107,253 and \$480,552,602 respectively. Capital assets, net of accumulated depreciation increased approximately \$45.6 million in 2020 and approximately \$10 million in 2019, largely due to infrastructure additions in the Water Utility.

Long-term debt – At the end of 2020 and 2019, the City of Racine had total general obligation and revenue bond debt outstanding of \$163,427,438 and \$172,166,667. Of this amount, the debt backed by the full faith and credit of the government is \$93,935,000 and \$92,645,000 in 2020 and 2019 respectively. The remainder of the City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds). The City's total outstanding debt increased by approximately \$9 million in 2020.

	<u>Outstanding debt</u>	
	<u>2020</u>	<u>2019</u>
Governmental Activities:		
General obligation bonds and notes	\$ 93,935,000	\$ 92,645,000
Business-Type Activities:		
Revenue bonds	<u>69,492,438</u>	<u>79,521,667</u>
Total	<u>\$ 163,427,438</u>	<u>\$ 172,166,667</u>

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Economic Conditions and 2020 and 2021 Budget Outlook

During the first quarter of 2020 the COVID-19 pandemic hit the Country. The City of Racine has felt the effects of the pandemic will business closures, school closures and extreme resources required from our public health and public safety departments. The effects of the pandemic still continue into the 3rd quarter of 2021. While grants funds have been made available to the City for expenses associated with COVID-19, the City continues to struggle with revenue shortfalls in parking fines, municipal fines, building permits, transit fares, and various other places.

Strong fiscal planning, including a City wide hiring freeze allowed the City to maintain services during the pandemic and lead to positive fiscal results, however, the City continues to struggle with high employee vacancy in critical areas.

The City has been allocated funds through the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The City of Racine's estimated award is \$46,246,465, which will be used to combat the negative effects of the public health emergency in the local economy. The City of Racine received 50% of the funds in June of 2021, with the remaining expected a year later. The funds are to cover costs incurred by December 31, 2024.

The City of Racine's the assessed value is on the rise. The assessed value rose 6% for the 2020 tax roll and the City is expecting another increase for the 2021 tax roll.

The City continues to focus on economic development and job creation and looks forward to positive impacts from the large developments that are occurring in our County. The City has signed several large development agreements for various housing projects as well as a hotel convention center that will bring some much needed net new construction to the community. The City continues to see significant interest in Racine from the development community and anticipates several more new developments in 2022 and 2023.

The City continues to carry a strong unassigned fund balance in the general fund and has developed internal policies to ensure that the balance remains above 20% of general fund expenditures. In addition, the City has implemented various planning tools and procedures to minimize tax rate fluctuations in future years, including 10 year planning capital budgets.

The City has reduced its use of fund balance to support the budget over the last several budget years. The City used slightly over \$1.2 million of general fund, debt service fund, internal service and other operational fund balances to fund operations in the 2021 budget. The 2020 City tax rate was \$14.90 per thousand. While the City continues to struggle with a structural deficit resulting from State levy limits that prevent us from covering even basic cost increases, difficult decisions were made during both the 2020 and 2021 budget to mitigate legacy costs in the future. Near term budgets will continue to be difficult, but long term planning and continued fiscal responsibility will assist future years budgeting.

Requests for information

This financial report is designed to provide a general overview of the City of Racine's finances for all those with an interest in the government's finances. The financial report can be found at www.cityofracine.org Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the City of Racine Finance Department, 730 Washington Avenue, Racine, WI 53403.

CITY OF RACINE

STATEMENT OF NET POSITION
As of December 31, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Business Improvement District	Redevelopment Authority
ASSETS					
Cash and investments	\$ 75,428,988	\$ 18,990,965	\$ 94,419,953	\$ 69,387	\$ 837,460
Receivables, net of allowance for uncollectible accounts	79,596,543	8,724,804	88,321,347	198,120	-
Internal balances	11,120,830	(11,120,830)	-	-	-
Due from other governments	2,978,620	10,894,950	13,873,570	-	-
Inventories	1,108,564	931,051	2,039,615	-	-
Prepaid items	422,230	1,228	423,458	-	-
Advances to component unit	2,286,585	-	2,286,585	-	-
Restricted assets					
Cash and investments	-	17,505,074	17,505,074	-	-
Plant capacity receivable, current portion	-	4,126,683	4,126,683	-	-
Plant capacity receivable, long term	-	16,006,862	16,006,862	-	-
Pension asset	13,980,705	1,576,060	15,556,765	-	-
Deposit in CVMIC	2,962,500	-	2,962,500	-	-
Assets held for resale	385,000	-	385,000	-	5,622,831
Capital assets					
Land	24,863,221	5,301,753	30,164,974	-	-
Construction in progress	19,552,911	15,036,693	34,589,604	-	-
Other capital assets, net of accumulated depreciation/amortization	160,627,496	300,725,179	461,352,675	-	-
Total Assets	<u>395,314,193</u>	<u>388,700,472</u>	<u>784,014,665</u>	<u>267,507</u>	<u>6,460,291</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts relating to pension	32,951,351	3,695,677	36,647,028	-	-
Deferred amounts relating to health OPEB	8,749,061	2,757,621	11,506,682	-	-
Deferred amounts relating to life insurance OPEB	1,463,609	352,987	1,816,596	-	-
Unamortized loss on refunding	1,016,841	804,147	1,820,988	-	-
	<u>44,180,862</u>	<u>7,610,432</u>	<u>51,791,294</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Accounts payable	8,887,085	7,203,453	16,090,538	1,200	18,887
Accrued compensation and other current liabilities	3,627,372	1,764,408	5,391,780	-	40,800
Due to other governments	206,440	-	206,440	-	-
Accrued interest payable	155,660	-	155,660	-	-
Liabilities payable from restricted assets					
Accrued interest payable	-	620,228	620,228	-	-
Unearned capacity revenue	-	1,551,057	1,551,057	-	-
Current portion of long term debt	-	11,354,944	11,354,944	-	-
Noncurrent liabilities					
Total health OPEB liability	243,601,976	34,662,558	278,264,534	-	-
Net life insurance liability	3,370,278	803,975	4,174,253	-	-
Unearned capacity revenue	-	46,514,938	46,514,938	-	-
Due within one year	17,923,447	-	17,923,447	-	-
Due in more than one year	85,953,788	61,230,354	147,184,142	-	2,286,585
Total Liabilities	<u>363,726,046</u>	<u>165,705,915</u>	<u>529,431,961</u>	<u>1,200</u>	<u>2,346,272</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts relating to pension	41,624,478	4,981,230	46,605,708	-	-
Deferred amounts relating to health OPEB	40,099,281	7,572,277	47,671,558	-	-
Deferred amounts relating to life insurance OPEB	519,378	126,758	646,136	-	-
Rate Stabilization Fund	-	1,982,000	1,982,000	-	-
Unearned revenue	65,059,383	305,210	65,364,593	197,578	-
Total Deferred Inflows of Resources	<u>147,302,520</u>	<u>14,967,475</u>	<u>162,269,995</u>	<u>197,578</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	117,077,383	252,705,344	366,070,677	-	-
Restricted for					
Debt service	196,903	-	196,903	-	-
Permanent funds	2,667,717	-	2,667,717	-	-
Library	343,263	-	343,263	-	-
HUD Loan Programs	6,544,203	-	6,544,203	-	-
Tax increment districts	10,000,579	-	10,000,579	-	-
Intergovernmental revenue sharing	12,823,429	-	12,823,429	-	-
Federal and State grant programs	839,817	-	839,817	-	-
Trusts	4,014,913	-	4,014,913	-	-
Special assessment program	3,284,201	-	3,284,201	-	-
Health, public safety, and parks programs	774,872	-	774,872	-	-
Pension Asset	13,980,705	1,576,060	15,556,765	-	-
Water	-	2,554,335	2,554,335	-	-
Wastewater	-	7,614,387	7,614,387	-	-
Unrestricted (deficit)	<u>(244,081,496)</u>	<u>(48,812,612)</u>	<u>(289,182,058)</u>	<u>68,729</u>	<u>4,114,019</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (71,533,511)</u>	<u>\$ 215,637,514</u>	<u>\$ 144,104,003</u>	<u>\$ 68,729</u>	<u>\$ 4,114,019</u>

See accompanying notes to financial statements.

CITY OF RACINE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2020

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Totals	Business Improvement District	Redevelopment Authority
Functions/Programs									
Primary Government									
Governmental activities									
General government	\$ 13,097,565	\$ 1,978,507	\$ 2,371,932	\$ -	\$ (8,747,126)	\$ -	\$ (8,747,126)	\$ -	\$ -
Community development	12,801,337	2,062,214	4,851,558	383,530	(5,504,035)	-	(5,504,035)	-	-
Health	4,331,610	339,962	1,540,742	-	(2,450,906)	-	(2,450,906)	-	-
Education and recreation	14,718,035	561,749	1,969,163	-	(12,187,123)	-	(12,187,123)	-	-
Public works	23,912,270	8,629,262	2,879,747	15,547	(12,387,714)	-	(12,387,714)	-	-
Public safety	49,166,712	4,447,311	878,878	-	(43,840,523)	-	(43,840,523)	-	-
Interest and fiscal charges	5,127,471	-	-	-	(5,127,471)	-	(5,127,471)	-	-
Total Governmental Activities	123,155,000	18,019,005	14,492,020	399,077	(90,244,898)	-	(90,244,898)	-	-
Business type activities									
Water	17,245,625	21,422,304	-	34,265,418	-	38,442,097	38,442,097	-	-
Wastewater	13,632,662	12,867,152	-	3,940,661	-	3,175,151	3,175,151	-	-
Storm Water	5,667,044	6,439,009	-	-	-	771,965	771,965	-	-
Belle Urban Transit	10,626,162	624,677	8,577,677	-	-	(1,423,808)	(1,423,808)	-	-
Other	2,600,418	1,020,870	-	-	-	(1,579,548)	(1,579,548)	-	-
Total Business Type Activities	49,771,911	42,374,012	8,577,677	38,206,079	-	39,385,857	39,385,857	-	-
Total Primary Government	\$ 172,926,911	\$ 60,393,017	\$ 23,069,697	\$ 38,605,156	(90,244,898)	39,385,857	(50,859,041)	-	-

See accompanying notes to financial statements.

CITY OF RACINE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2020

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Totals	Business Improvement District	Redevelopment Authority
Component Units									
Business Improvement District	\$ 176,185	\$ -	\$ -	\$ -	-	-	-	(176,185)	-
Redevelopment Authority	620,583	-	420,000	169,907	-	-	-	-	(30,676)
	<u>\$ 796,768</u>	<u>\$ -</u>	<u>\$ 420,000</u>	<u>\$ 169,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,185)</u>	<u>(30,676)</u>
General Revenues									
Taxes									
Property taxes, levied for general purposes					35,832,914	1,785,293	37,618,207	197,578	-
Property taxes levied, for debt service					16,211,230	-	16,211,230	-	-
Property taxes, levied for TIF					2,125,103	-	2,125,103	-	-
Other taxes					711,443	-	711,443	-	-
Intergovernmental revenues not restricted to specific programs					32,591,899	-	32,591,899	-	-
Investment income					1,728,229	236,056	1,964,285	-	17,448
Other					1,726,427	19,149	1,745,576	4,875	-
Transfers					<u>4,306,773</u>	<u>(4,306,773)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total General Revenues and Transfers					<u>95,234,018</u>	<u>(2,266,275)</u>	<u>92,967,743</u>	<u>202,453</u>	<u>17,448</u>
Change in net position					4,989,120	37,119,582	42,108,702	26,268	(13,228)
NET POSITION (DEFICIT) - Beginning of Year					<u>(76,522,631)</u>	<u>178,517,932</u>	<u>101,995,301</u>	<u>42,461</u>	<u>4,127,247</u>
NET POSITION (DEFICIT) - END OF YEAR					<u>\$ (71,533,511)</u>	<u>\$ 215,637,514</u>	<u>\$ 144,104,003</u>	<u>\$ 68,729</u>	<u>\$ 4,114,019</u>

See accompanying notes to financial statements.

CITY OF RACINE

Governmental Funds

BALANCE SHEET

As of December 31, 2020

	General Fund	Debt Service	Capital Projects Fund Tax Incremental Districts	Nonmajor Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 19,399,864	\$ 352,563	\$ 16,223,432	\$ 29,832,539	\$ 65,808,398
Receivables					
Taxes	38,678,407	19,500,000	2,682,658	6,887,843	67,748,908
Special assessments and special charges - tax roll	-	-	-	471,988	471,988
Special assessments	-	-	-	1,676,841	1,676,841
Delinquent personal property taxes	21,649	-	-	-	21,649
Loans and notes	-	-	900,000	4,805,697	5,705,697
Accrued interest	102,843	-	-	272,284	375,127
Accounts	<u>1,353,732</u>	<u>-</u>	<u>-</u>	<u>1,536,602</u>	<u>2,890,334</u>
Total Receivables - Net	<u>40,156,631</u>	<u>19,500,000</u>	<u>3,582,658</u>	<u>15,651,255</u>	<u>78,890,544</u>
Due from other funds	16,356,779	-	-	3,305,130	19,661,909
Due from other governments	31,851	-	85,823	2,860,946	2,978,620
Inventories	658,692	-	-	-	658,692
Prepaid items	25,449	-	-	396,781	422,230
Deposit in CVMIC	2,962,500	-	-	-	2,962,500
Assets held for resale	-	-	385,000	-	385,000
Advances to component unit	-	-	1,805,753	480,832	2,286,585
Advances to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,079,863</u>	<u>8,079,863</u>
TOTAL ASSETS	<u>\$ 79,591,766</u>	<u>\$ 19,852,563</u>	<u>\$ 22,082,666</u>	<u>\$ 60,607,346</u>	<u>\$ 182,134,341</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)					
Liabilities					
Accounts payable	\$ 2,630,989	\$ -	\$ 254,815	\$ 4,708,097	\$ 7,593,901
Accrued liabilities	1,675,313	-	15,664	289,498	1,980,475
Due to other funds	3,850,036	-	1,049,087	3,070,089	7,969,212
Due to other governments	181,317	-	-	25,123	206,440
Insurance claims payable	895,151	-	-	-	895,151
Advances from other funds	<u>-</u>	<u>-</u>	<u>8,079,863</u>	<u>-</u>	<u>8,079,863</u>
Total Liabilities	<u>9,232,806</u>	<u>-</u>	<u>9,399,429</u>	<u>8,092,807</u>	<u>26,725,042</u>
Deferred Inflows of Resources					
Unavailable revenue	-	-	900,000	6,785,729	7,685,729
Unearned interest/revenue	5,000	-	-	1,256,467	1,261,467
Unearned property tax revenue	<u>34,255,427</u>	<u>19,500,000</u>	<u>2,682,658</u>	<u>7,359,831</u>	<u>63,797,916</u>
Total Deferred Inflows of Resources	<u>34,260,427</u>	<u>19,500,000</u>	<u>3,582,658</u>	<u>15,402,027</u>	<u>72,745,112</u>
Fund Balances (Deficits)					
Nonspendable	8,874,048	-	-	-	8,874,048
Restricted	-	352,563	9,100,579	24,809,877	34,263,019
Committed	-	-	-	12,919,229	12,919,229
Assigned	6,163,132	-	-	129,086	6,292,218
Unassigned (deficit)	<u>21,061,353</u>	<u>-</u>	<u>-</u>	<u>(745,680)</u>	<u>20,315,673</u>
Total Fund Balances (Deficits)	<u>36,098,533</u>	<u>352,563</u>	<u>9,100,579</u>	<u>37,112,512</u>	<u>82,664,187</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 79,591,766</u>	<u>\$ 19,852,563</u>	<u>\$ 22,082,666</u>	<u>\$ 60,607,346</u>	

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

Capital assets used in governmental funds are not financial resources and therefore are not reported in funds. (See Note II)	202,469,194
Internal service fund net position.	10,784,886
Pension Asset, Deferred Outflows and Deferred Inflows of Resources (not including external revenue funds)	5,044,482
OPEB Health Liability, Deferred Outflows and Deferred Inflows of Resources (not including external revenue funds)	(274,952,196)
Life Insurance Liability, Deferred Outflows and Deferred Inflows of Resources (not including external revenue funds)	(2,337,378)
Other long-term assets that are not currently available are reported as unearned revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements. (See Note II)	7,685,729
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds. (See Note II)	(102,892,415)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (71,533,511)</u>

See accompanying notes to financial statements.

CITY OF RACINE

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund Tax Increment Districts	Nonmajor Governmental Funds	Totals
REVENUES					
Taxes	\$ 33,008,676	\$ 16,211,230	\$ 2,125,103	\$ 3,535,564	\$ 54,880,573
Special charges and assessments	-	-	-	1,157,664	1,157,664
Intergovernmental	35,574,900	-	321,589	10,139,015	46,035,504
Licenses and permits	2,482,038	-	-	-	2,482,038
Fines and forfeitures	972,086	-	-	187,173	1,159,259
Public charges for services	5,855,534	-	-	7,946,367	13,801,901
Miscellaneous	1,325,758	239,547	485,648	4,151,163	6,202,116
Total Revenues	<u>79,218,992</u>	<u>16,450,777</u>	<u>2,932,340</u>	<u>27,116,946</u>	<u>125,719,055</u>
EXPENDITURES					
Current					
General government	14,562,367	-	-	897,965	15,460,332
Health	2,382,149	-	-	1,977,787	4,359,936
Public safety	47,362,385	-	-	810,645	48,173,030
Public works	9,650,738	-	-	4,719,125	14,369,863
Education and recreation	6,113,217	-	-	5,408,383	11,521,600
Community Development	2,079,936	-	6,471,232	5,938,021	14,489,189
Capital Outlay	-	-	-	16,711,094	16,711,094
Debt Service					
Principal	-	31,140,000	-	-	31,140,000
Interest and fiscal charges	-	3,831,410	103,425	1,513,781	5,448,616
Total Expenditures	<u>82,150,792</u>	<u>34,971,410</u>	<u>6,574,657</u>	<u>37,976,801</u>	<u>161,673,660</u>
Excess (deficiency) of revenues over expenditures	<u>(2,931,800)</u>	<u>(18,520,633)</u>	<u>(3,642,317)</u>	<u>(10,859,855)</u>	<u>(35,954,605)</u>

See accompanying notes to financial statements.

CITY OF RACINE

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund Tax Incremental Districts	Nonmajor Governmental Funds	Totals
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	\$ -	\$ -	\$ 900,000	\$ 14,305,000	\$ 15,205,000
Premium on long-term debt issued	-	795,323	-	57,077	852,400
Refunding bonds issued	-	24,280,000	-	-	24,280,000
Payment to escrow agent	-	(7,729,865)	-	-	(7,729,865)
Transfers in	4,922,462	1,126,688	-	696,610	6,745,760
Transfers out	(40,478)	-	(1,126,688)	(2,701,870)	(3,869,036)
Total Other Financing Sources (Uses)	<u>4,881,984</u>	<u>18,472,146</u>	<u>(226,688)</u>	<u>12,356,817</u>	<u>35,484,259</u>
 Net Change in Fund Balances	 1,950,184	 (48,487)	 (3,869,005)	 1,496,962	 (470,346)
 FUND BALANCES - Beginning of Year	 <u>34,148,349</u>	 <u>401,050</u>	 <u>12,965,095</u>	 <u>35,615,550</u>	 <u>83,130,044</u>
 FUND BALANCES - END OF YEAR	 <u>\$ 36,098,533</u>	 <u>\$ 352,563</u>	 <u>\$ 9,096,090</u>	 <u>\$ 37,112,512</u>	 <u>\$ 82,659,698</u>

See accompanying notes to financial statements.

CITY OF RACINE

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, 2020

Net change in fund balances - total governmental funds	\$	(470,346)
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Amounts reported for governmental activities in the statement of net position are different because:

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

Capital outlay is reported in the fund financial statements but is capitalized in the government-wide financial statements	16,711,094
Some items reported as capital outlay are not capitalized	(3,061,002)
Depreciation is reported in the government-wide statements	(12,672,029)
Net Book Value on Disposal	(10,174)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Debt issued	(39,485,000)
Principal repaid	38,195,000

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.

Compensated absences	(182,776)
Unamortized discounts/premiums (see Note II. B.)	148,097
Pension/Life expenses	(665,839)
Other postemployment benefits	1,868,397
Write-off of loans	71,721
Accrued interest on debt	(8,975)

Internal service funds are used by management to charge self insurance costs to individual funds. The decrease in net position of the internal service fund reported with the governmental activities.

4,341,002

Revenues in the governmental funds that are not reported as revenues in the statement of activities (See Note II. B.)

(1,871,532)

Expenditures in the governmental funds that are not reported as expenses in the statement of activities (See Note II. B.)

<u>2,076,993</u>

Change in net position of governmental activities

<u>\$</u>	<u>4,984,631</u>
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See accompanying notes to financial statements.

CITY OF RACINE

General Fund

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES				
Taxes	\$ 32,906,720	\$ 32,906,720	\$ 33,008,676	\$ 101,956
Intergovernmental	33,551,841	33,551,841	35,574,900	2,023,059
Licenses and permits	2,451,985	2,451,985	2,482,038	30,053
Fines and forfeitures	1,582,000	1,582,000	972,086	(609,914)
Charges for services	6,136,815	6,136,815	5,855,534	(281,281)
Other	763,246	763,246	1,325,758	562,512
Total Revenues	<u>77,392,607</u>	<u>77,392,607</u>	<u>79,218,992</u>	<u>1,826,385</u>
EXPENDITURES				
Current				
General government	14,521,177	14,556,362	14,562,367	(6,005)
Health	2,512,465	2,512,465	2,382,149	130,316
Public safety	47,638,928	47,653,715	47,362,385	291,330
Public works	10,109,294	10,346,276	9,650,738	695,538
Education and recreation	6,513,116	6,523,493	6,113,217	410,276
Community Development	2,267,335	2,287,335	2,079,936	207,399
Total Expenditures	<u>83,562,315</u>	<u>83,879,646</u>	<u>82,150,792</u>	<u>1,728,854</u>
Excess (deficiency) of revenues over expenditures	<u>(6,169,708)</u>	<u>(6,487,039)</u>	<u>(2,931,800)</u>	<u>3,555,239</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,793,949	4,793,949	4,922,462	128,513
Transfers out	<u>(90,000)</u>	<u>(90,000)</u>	<u>(40,478)</u>	<u>49,522</u>
Total Other Financing Sources (Uses)	<u>4,703,949</u>	<u>4,703,949</u>	<u>4,881,984</u>	<u>178,035</u>
Net Change in Fund Balance	<u>\$ (1,465,759)</u>	<u>\$ (1,783,090)</u>	1,950,184	<u>\$ 3,733,274</u>
FUND BALANCE - Beginning of Year			<u>34,148,349</u>	
FUND BALANCE - END OF YEAR			<u>\$ 36,098,533</u>	

See accompanying notes to financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF NET POSTION

As of December 31, 2020

	Business-Type Activities- Enterprise Funds						Governmental Activities-
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds	Total	Internal Service Funds
ASSETS							
Current Assets							
Cash and investments	\$ 3,164,258	\$ 11,579,060	\$ 2,958,750	\$ 200	\$ 1,288,697	\$ 18,990,965	\$ 9,620,590
Receivables							
Accounts	5,512,196	2,005,125	14,485	44,185	61,603	7,637,594	705,999
Taxes	-	-	-	782,000	305,210	1,087,210	-
Due from other governments	3,897,951	1,291,739	-	5,705,260	-	10,894,950	-
Due from other funds	3,251,780	2,203,710	1,717,063	-	96	7,172,649	24,163
Inventories	490,659	91,110	-	339,656	9,626	931,051	449,872
Prepaid items	-	-	-	-	1,228	1,228	-
Total Current Assets	<u>16,316,844</u>	<u>17,170,744</u>	<u>4,690,298</u>	<u>6,871,301</u>	<u>1,666,460</u>	<u>46,715,647</u>	<u>10,800,624</u>
Noncurrent Assets							
Restricted Assets							
Cash and investments	9,787,197	7,717,877	-	-	-	17,505,074	-
Plant capacity, current portion	-	4,126,683	-	-	-	4,126,683	-
Plant capacity, long term	-	16,006,862	-	-	-	16,006,862	-
Pension Asset	719,902	551,050	216,169	-	88,939	1,576,060	528,550
Capital assets							
Land	1,843,341	316,798	-	539,434	2,602,180	5,301,753	32,879
Construction in progress	12,580,062	1,191,567	968,844	93,540	202,680	15,036,693	-
Intangible assets	-	-	-	-	-	-	1,952,996
Land and building improvements	209,988,945	125,809,945	68,337,828	8,799,909	30,602,008	443,538,635	1,954,301
Equipment, furniture and vehicles	39,781,309	49,855,035	2,179,533	16,374,856	1,256,489	109,447,222	3,349,154
Less: Accumulated depreciation/amortization	<u>(76,505,419)</u>	<u>(96,114,309)</u>	<u>(41,357,599)</u>	<u>(18,145,542)</u>	<u>(20,137,809)</u>	<u>(252,260,678)</u>	<u>(4,714,896)</u>
Other assets							
Unamortized debt issuance expenses	-	-	-	-	-	-	-
Total Noncurrent Assets	<u>198,195,337</u>	<u>109,461,508</u>	<u>30,344,775</u>	<u>7,662,197</u>	<u>14,614,487</u>	<u>360,278,304</u>	<u>3,102,984</u>
Total Assets	<u>214,512,181</u>	<u>126,632,252</u>	<u>35,035,073</u>	<u>14,533,498</u>	<u>16,280,947</u>	<u>406,993,951</u>	<u>13,903,608</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts relating to pension	1,717,999	1,322,358	449,839	-	205,481	3,695,677	1,215,293
Deferred amounts relating to OPEB	1,598,420	523,157	399,588	-	236,456	2,757,621	-
Deferred amounts relating to life insurance	166,630	164,016	13,927	-	8,414	352,987	53,470
Unamortized loss on refunding	<u>804,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>804,147</u>	<u>-</u>
	<u>4,287,196</u>	<u>2,009,531</u>	<u>863,354</u>	<u>-</u>	<u>450,351</u>	<u>7,610,432</u>	<u>1,268,763</u>

See accompanying notes to financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF NET POSTION

As of December 31, 2020

	Business-Type Activities- Enterprise Funds					Governmental Activities-
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds	Internal Service Funds
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 5,855,514	\$ 315,198	\$ 546,281	\$ 352,623	\$ 133,837	\$ 7,203,453
Accrued liabilities	1,281,680	221,518	17,924	48,604	94,093	1,663,819
Advances from other funds	-	-	-	-	-	-
Compensated absences	57,614	42,975	-	-	-	100,589
Due to other funds	6,220,342	4,341,861	46,714	7,331,445	353,117	18,293,479
Liabilities payable from restricted assets	-	-	-	-	-	-
Accrued interest	516,738	103,490	-	-	-	620,228
Unearned capacity revenue, current portion	-	1,551,057	-	-	-	1,551,057
Current portion of long term debt	4,754,765	6,600,179	-	-	-	11,354,944
Total Current Liabilities	<u>18,686,653</u>	<u>13,176,278</u>	<u>610,919</u>	<u>7,732,672</u>	<u>581,047</u>	<u>40,787,569</u>
Noncurrent Liabilities						
Compensated absences	554,330	330,828	10,090	45,321	21,363	961,932
Total health OPEB liability	16,691,132	10,534,616	4,527,450	-	2,909,360	34,662,558
Net life insurance liability	380,672	372,059	31,866	-	19,378	803,975
Revenue bonds and notes payable	40,342,614	19,925,808	-	-	-	60,268,422
Unearned capacity revenue	-	46,514,938	-	-	-	46,514,938
Total Noncurrent Liabilities	<u>57,968,748</u>	<u>77,678,249</u>	<u>4,569,406</u>	<u>45,321</u>	<u>2,950,101</u>	<u>143,211,825</u>
Total Liabilities	<u>76,655,401</u>	<u>90,854,527</u>	<u>5,180,325</u>	<u>7,777,993</u>	<u>3,531,148</u>	<u>183,999,394</u>
DEFERRED INFLOWS OF RESOURCES						
Unearned property tax revenue	-	-	-	-	305,210	305,210
Rate stabilization fund	-	1,200,000	-	782,000	-	1,982,000
Deferred amounts relating to OPEB	2,559,878	3,075,480	1,439,150	-	497,769	7,572,277
Deferred amounts relating to life insurance	60,043	58,824	4,895	-	2,996	126,758
Deferred amounts related to pension	2,274,348	1,789,603	655,393	-	261,886	4,981,230
Total Deferred Inflows of Resources	<u>4,894,269</u>	<u>6,123,907</u>	<u>2,099,438</u>	<u>782,000</u>	<u>1,067,861</u>	<u>14,967,475</u>
NET POSITION						
Net investment in capital assets	145,820,921	54,568,072	30,128,606	7,662,197	14,525,548	252,705,344
Restricted	3,274,237	8,165,437	216,169	-	88,939	11,744,782
Unrestricted (deficit)	(11,845,451)	(31,070,160)	(1,726,111)	(1,688,692)	(2,482,198)	(48,812,612)
TOTAL NET POSITION	<u>\$ 137,249,707</u>	<u>\$ 31,663,349</u>	<u>\$ 28,618,664</u>	<u>\$ 5,973,505</u>	<u>\$ 12,132,289</u>	<u>\$ 215,637,514</u>

See accompanying notes to financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended December 31, 2020

	Business-Type Activities- Enterprise Funds						Governmental Activities-
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds	Totals	Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 21,422,304	\$ 12,867,152	\$ 6,435,076	\$ 618,326	\$ 1,020,870	\$ 42,363,728	\$ 29,544,506
Other	-	-	3,933	6,351	-	10,284	27,786
Total Operating Revenues	<u>21,422,304</u>	<u>12,867,152</u>	<u>6,439,009</u>	<u>624,677</u>	<u>1,020,870</u>	<u>42,374,012</u>	<u>29,572,292</u>
OPERATING EXPENSES							
Public Works	10,187,348	8,848,097	3,120,702	9,310,044	895,202	32,361,393	6,632,565
Public Safety	-	-	-	-	272,906	272,906	-
Education and recreation	-	-	1,068,445	-	472,931	1,541,376	-
General administration	-	-	-	-	-	-	19,635,907
Depreciation	<u>5,495,192</u>	<u>3,940,649</u>	<u>1,448,686</u>	<u>1,316,118</u>	<u>959,379</u>	<u>13,160,024</u>	<u>392,867</u>
Total Operating Expenses	<u>15,682,540</u>	<u>12,788,746</u>	<u>5,637,833</u>	<u>10,626,162</u>	<u>2,600,418</u>	<u>47,335,699</u>	<u>26,661,339</u>
Operating income (loss)	<u>5,739,764</u>	<u>78,406</u>	<u>801,176</u>	<u>(10,001,485)</u>	<u>(1,579,548)</u>	<u>(4,961,687)</u>	<u>2,910,953</u>
NONOPERATING REVENUES (EXPENSES)							
Investment income (loss)	83,001	49,833	76,490	-	26,732	236,056	-
Interest expense	(1,691,868)	(668,325)	-	-	-	(2,360,193)	-
Intergovernmental interest reimbursement	-	686,387	-	-	-	686,387	-
Plant capacity income	-	1,551,057	-	-	-	1,551,057	-
Gain (loss) on sale of fixed assets	-	1,350	(29,211)	-	-	(27,861)	-
Amortization of premiums/discount and refunding loss	128,783	-	-	-	-	128,783	-
Subsidies from other governmental units	-	-	-	8,577,677	-	8,577,677	-
Tax levy	-	-	-	1,480,083	305,210	1,785,293	-
Household hazardous waste revenue	-	167,727	-	-	-	167,727	-
Household hazardous waste expense	-	(176,941)	-	-	-	(176,941)	-
Other	-	19,149	-	-	-	19,149	-
Total Nonoperating Revenues (Expenses)	<u>(1,480,084)</u>	<u>1,630,237</u>	<u>47,279</u>	<u>10,057,760</u>	<u>331,942</u>	<u>10,587,134</u>	<u>-</u>

See accompanying notes to financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended December 31, 2020

	Business-Type Activities- Enterprise Funds					Governmental Activities-	
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds	Totals	Internal Service Funds
Income (loss) before capital contributions and transfers	4,259,680	1,708,643	848,455	56,275	(1,247,606)	5,625,447	2,910,953
CAPITAL CONTRIBUTIONS	34,265,418	1,535,490	-	-	-	35,800,908	-
TRANSFERS IN	55,290	-	-	350,449	-	405,739	1,430,049
TRANSFERS (OUT)	(3,599,434)	(1,113,078)	-	-	-	(4,712,512)	-
Change in Net Position	34,980,954	2,131,055	848,455	406,724	(1,247,606)	37,119,582	4,341,002
TOTAL NET POSITION, Beginning of Year	102,268,753	29,532,294	27,770,209	5,566,781	13,379,895	178,517,932	6,443,884
NET POSITION - END OF YEAR	<u>\$ 137,249,707</u>	<u>\$ 31,663,349</u>	<u>\$ 28,618,664</u>	<u>\$ 5,973,505</u>	<u>\$ 12,132,289</u>	<u>\$ 215,637,514</u>	<u>\$ 10,784,886</u>

See accompanying notes to financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2020

	Business-Type Activities- Enterprise Funds						Governmental Activities-
	Water Utility	Wastewater Utility	Stormwater Utility	Belle Urban Transit	Other Enterprise	Totals	Internal Service Fund
CASH FLOW FROM OPERATING ACTIVITIES							
Received from customers and users	\$ 23,385,045	\$ 13,198,608	\$ 6,509,936	\$ 753,761	\$ 1,048,191	\$ 44,895,541	\$ 29,574,503
Paid to suppliers for goods and services	(6,222,370)	(6,351,361)	(1,495,776)	(5,210,457)	(971,155)	(20,251,119)	(20,433,192)
Paid to employees for services	(5,617,267)	(3,926,486)	(2,214,233)	-	(647,363)	(12,405,349)	(5,300,616)
Stormwater Fees Collected for Other Funds	5,686,028	-	-	-	-	5,686,028	-
Stormwater Fees Disbursed to Other Funds	(5,221,424)	-	-	-	-	(5,221,424)	-
Net Cash Flows From Operating Activities	12,010,012	2,920,761	2,799,927	(4,456,696)	(570,327)	12,703,677	3,840,695
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES							
Transfer to other funds	(3,544,144)	(1,113,078)	-	-	-	(4,657,222)	-
Advances retired	(123,857)	(110,775)	-	-	-	(234,632)	-
Principal retired	-	(109,349)	-	-	-	(109,349)	-
Interest paid on long-term debt	-	(6,921)	-	-	-	(6,921)	-
Interest paid on advances	(1,316)	(1,412)	-	-	-	(2,728)	-
Funds received from intergovernmental agreement	-	-	-	-	-	-	-
Payments on intergovernmental agreement	(1,221,406)	798,631	-	-	-	(422,775)	-
Miscellaneous receipts	-	19,149	-	-	-	19,149	-
Operating grants received	-	(9,214)	-	2,157,546	-	2,148,332	-
Operating subsidies received - tax levy	-	-	-	2,299,150	305,210	2,604,360	-
Net Cash Flows from Noncapital Financing Activities	(4,890,723)	(532,969)	-	4,456,696	305,210	(661,786)	-
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Debt issued	-	766,598	-	-	-	766,598	-
Premium on debt issued	-	-	-	-	-	-	-
Debt retired	(4,355,167)	(6,331,311)	-	-	-	(10,686,478)	-
Advances retired	-	-	-	-	-	-	-
Interest paid on long-term debt	(1,730,001)	(687,121)	-	-	-	(2,417,122)	-
Interest paid on advances	-	-	-	-	-	-	-
Transfer from other funds for capital purposes	-	-	-	-	-	-	1,430,049
Acquisition and construction of capital assets	(14,445,305)	(2,105,743)	(1,950,778)	(350,449)	(202,680)	(19,054,955)	(1,152,936)
REC and other fees received	298,802	-	-	-	-	298,802	-
Intergovernmental interest reimbursement	-	686,387	-	-	-	686,387	-
Proceeds for plant capacity charges	-	4,255,861	-	-	-	4,255,861	-
Capital subsidies received	-	-	-	350,449	-	350,449	-
Proceeds from sale of capital assets	-	13,851	12,420	-	-	26,271	-
Net Cash Flows From Capital and Related Financing Activities	(20,231,671)	(3,401,478)	(1,938,358)	-	(202,680)	(25,774,187)	277,113

See accompanying notes to financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2020

	Business-Type Activities- Enterprise Funds						Governmental Activities-
	Water Utility	Wastewater Utility	Stormwater Utility	Belle Urban Transit	Other Enterprise	Totals	Internal Service Fund
CASH FLOW FROM INVESTING ACTIVITIES							
Investment income	\$ 83,001	\$ 49,833	\$ 76,490	\$ -	\$ 26,732	\$ 236,056	\$ -
Net Cash Flows From Investing Activities	83,001	49,833	76,490	-	26,732	236,056	-
Net Change in Cash and Cash Equivalents	(13,029,381)	(963,853)	938,059	-	(441,065)	(13,496,240)	4,117,808
CASH AND CASH EQUIVALENTS - Beginning of Year	25,980,836	20,260,790	2,020,691	200	1,729,762	49,992,279	5,502,782
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 12,951,455</u>	<u>\$ 19,296,937</u>	<u>\$ 2,958,750</u>	<u>\$ 200</u>	<u>\$ 1,288,697</u>	<u>\$ 36,496,039</u>	<u>\$ 9,620,590</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES							
Operating income (loss)	\$ 5,739,764	\$ 78,406	\$ 801,176	\$ (10,001,485)	\$ (1,579,548)	\$ (4,961,687)	\$ 2,910,953
Adjustments to reconcile operating income (loss) to Net Cash Flows from operating activities							
Other postemployment benefits	(1,380,373)	(2,528,880)	-	-	-	(3,909,253)	-
Depreciation	5,636,505	3,940,649	1,448,686	1,316,118	959,380	13,301,338	392,867
Changes in assets, deferred outflows, liabilities, and deferred inflows	-	-	-	-	-	-	-
Accounts receivable	(1,109,894)	332,242	(14,485)	129,084	27,418	(635,635)	(1,134)
Prepaid items	23	-	-	-	5,412	5,435	-
Inventories	(36,172)	(16,115)	-	19,267	6,250	(26,770)	170,600
Due from other funds	1,848,371	22,464	85,412	-	(96)	1,956,151	3,346
Pension benefits	(1,500,653)	(1,128,518)	-	-	-	(2,629,171)	-
Accounts payable	(1,232,083)	176,852	427,788	54,589	64,349	(508,505)	628,995
Accrued liabilities	(131,734)	183,736	(36,989)	(48,369)	(48,440)	(81,796)	(870,387)
Deferred Outflows	596,866	243,217	-	-	-	840,083	-
Deferred Inflows	2,254,557	2,920,944	41,625	-	(3,953)	5,213,173	53,863
Deferred revenues	-	-	-	(698,083)	-	(698,083)	-
Due to other funds	1,324,835	(1,304,236)	46,714	4,772,183	(1,099)	4,838,397	551,592
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 12,010,012</u>	<u>\$ 2,920,761</u>	<u>\$ 2,799,927</u>	<u>\$ (4,456,696)</u>	<u>\$ (570,327)</u>	<u>\$ 12,703,677</u>	<u>\$ 3,840,695</u>

See accompanying notes to financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2020

	Business-Type Activities- Enterprise Funds					Governmental Activities-	
	Water Utility	Wastewater Utility	Stormwater Utility	Belle Urban Transit	Other Enterprise	Totals	Internal Service Fund
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET							
Cash and investments							
Unrestricted	\$ 3,164,258	\$ 11,579,060	\$ 2,958,750	\$ 200	\$ 1,288,697	\$ 18,990,965	\$ 9,620,590
Restricted	<u>9,787,197</u>	<u>7,717,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,505,074</u>	<u>-</u>
Total Cash and Investments	<u>\$ 12,951,455</u>	<u>\$ 19,296,937</u>	<u>\$ 2,958,750</u>	<u>\$ 200</u>	<u>\$ 1,288,697</u>	<u>\$ 36,496,039</u>	<u>\$ 9,620,590</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Cost of Capital assets installed							
or financed by developers, customers or the City	<u>\$ 33,966,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,966,616</u>	<u>\$ -</u>
Capital assets in accounts payable and due to other funds	<u>\$ 4,290,209</u>	<u>\$ 23,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,313,691</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF RACINE

Fiduciary Fund

STATEMENT OF FIDUCIARY NET POSITION

As of December 31, 2020

	<u>Custodial Fund</u>
	<u>Tax</u>
	<u>Collecting</u>
ASSETS	
Cash and investments	\$ 22,491,397
Receivables	
Property taxes	<u>30,012,581</u>
TOTAL ASSETS	<u>\$ 52,503,978</u>
LIABILITIES	
Due to others	\$ -
Due to component unit	278,132
Due to other governments	<u>52,225,846</u>
TOTAL LIABILITIES	<u>\$ 52,503,978</u>
NET POSITION	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF RACINE

Fiduciary Fund

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION For the year ended December 31, 2020

	<u>Custodial Fund</u>
	<u>Tax</u>
	<u>Collecting</u>
ADDITIONS	
Tax collections	\$ 49,816,220
Total Additions	<u>49,816,220</u>
DEDUCTIONS	
Payments to overlying districts	<u>49,816,220</u>
Total Deductions	<u>49,816,220</u>
Change in Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CITY OF RACINE

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CITY OF RACINE

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CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Racine, Wisconsin ("the City") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

A. REPORTING ENTITY

This report includes all of the funds of the City of Racine. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

A. *REPORTING ENTITY* (cont.)

Discretely Presented Component Unit

Business Improvement District

The government-wide financial statements include the Downtown Racine Business Improvement District #1, ("BID") as a component unit. The BID, created in November 2001, has a separate nine member board appointed by the mayor and approved by the City council. The BID was designed to provide for and promote the continued vitality of the City's downtown business district through an aggressive marketing plan to promote existing businesses and attract new business. The BID has its own independent budgetary authority and assessment capabilities. However, the City can impose its will on the BID as the City must approve the BID operating budget and annual assessment. The City has no responsibility for fund deficits of the BID. As a component unit, the BID's financial statements have been presented as a discrete column in the City's financial statements. The financial information presented for the BID is for the fiscal year ended December 31, 2020. Separately issued financial statements of the BID may be obtained from the BID office.

Redevelopment Authority

The government-wide financial statements include the City of Racine Redevelopment Authority as a component unit. The Authority is a legally separate organization, created in February 1974, has a separate seven member board appointed by the mayor and approved by the City council. The Redevelopment Authority was created for the purpose of carrying out blight elimination, slum clearance, and urban renewal programs and projects as set forth in section 66.133 of Wisconsin State Statute. Wisconsin Statutes provide for circumstances whereby the City can impose its will on the Authority, and also create a potential financial benefit to or burden on the City. As a component unit, the Authority's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2020. The Authority does not issue separate financial statements.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. 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 included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program 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 separate 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.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

Funds are organized as major funds or non-major 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 City 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 fund 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 proprietary fund that the City's management believes is particularly important to financial statement users may be reported as a major fund.

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.

The City reports the following major governmental funds:

- General Fund – accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted and reported in another fund.
- Debt Service Fund – used to account for and report financial resources that are restricted, committed or assigned to expenditure for the payment of general long-term debt principal, interest, and related cost on long-term debt other than enterprise fund debt.
- Capital Project Fund-Tax Incremental Districts-used to account for and report financial resources that are restricted, committed or assigned to expenditures associated with open Tax Incremental Districts.

The City reports the following major enterprise funds:

- Water Utility – accounts for operations of the water system.
- Wastewater Utility – accounts for operations of the sewer system.
- Storm Water Utility – accounts for operations of the storm water system.
- Belle Urban Transit Fund – accounts for operations of the Belle Urban Transit system.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

The City reports the following non-major governmental and enterprise funds:

Special Revenue Funds – used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes (other than debt service or capital projects)

HUD Grants	Private Property Maintenance
State Grants	Sanitary Sewer Maintenance
Federal Grants	Health Lab
Other Agency Grants	Municipal Court
Loans	Cemetery
Special Assessments	Recycling
Restricted	Library
Room Tax	Trusts

Capital Projects Funds – used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

City Projects	Intergovernmental Revenue Sharing
Capital Grants	Equipment Replacement
General Obligation Bond Projects	

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

Endowment Fund

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

Parking Utility	Civic Centre
Radio Repair	Golf Courses

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

Fund Financial Statements (cont.)

In addition, the City reports the following fund types:

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 City, or to other governmental units, on a cost-reimbursement basis.

Equipment Maintenance Garage
Information Systems

Health Insurance
Telephones

Building Complex

Custodial fund is used to account for and report assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

Tax Collecting

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and unearned revenue. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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 City's Water and Wastewater Utilities, Belle Urban Transit and various other functions of the government. 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 recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues, except for reimbursable intergovernmental grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursable intergovernmental grants are considered to be available if they are collected within one year of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (cont.)

Fund Financial Statements (cont.)

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 City is entitled the resources and the amounts are available. Amounts owed to the City 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.

Special assessments are recorded as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and unavailable revenues. Delinquent special assessments being held by the county are reported as receivables and unavailable revenue.

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

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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 City's enterprise funds and the City's internal service funds are charges to customers for sales and services. Operating expenses for proprietary funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

All Financial Statements

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

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY

1. Deposits, Investments and Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investment of City funds is restricted by state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
2. 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, or by the University of Wisconsin Hospitals and Clinics Authority, or Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

Investment of most trust funds including cemetery perpetual care funds is regulated by Chapter 881 of the Wisconsin Statutes. Investment of library trust funds is regulated by Chapter 112. Those sections give broad authority to use such funds to acquire various kinds of investments including stocks, bonds and debentures.

The City has adopted an investment policy. That policy follows the state statute for allowable investments. The investment policy seeks to attain the following five goals:

1. **Safety** – Investments by the government of the City of Racine, Wisconsin shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To this end each investment transaction shall seek to first ensure that capital losses are avoided.
2. **Legality** – Investments by the government of the City of Racine, Wisconsin shall be made in accordance with Federal Law, Wisconsin Revised Statutes (particularly, WISSTATS 34.07, 66.04, 67.11 and 219.05), the Municipal Code of the City of Racine and this Investment Policy.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

1. Deposits, Investments and Equivalents (cont.)

3. Liquidity – Investments by the government of the City of Racine, Wisconsin shall be of sufficient liquidity to meet the cash requirements of the City.
4. Yield – Investments by the government of the City of Racine, Wisconsin shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.
5. Public Trust – Investments by the government of the City of Racine, Wisconsin shall be designed and managed with a degree of professionalism worthy of the public trust.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note IV. A. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank statement balance and carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2020, the fair value of the City's share of the LGIP's assets was substantially equal to the amount as reported in these financial statements.

See Note IV.A. for further information.

2. Receivables

Property taxes are levied in November on the assessed value as of the prior January 1. In addition to property taxes for the City, taxes are collected for and remitted to the state and county governments as well as the local school district and technical college district. Taxes for all state and local governmental units billed in the current year for the succeeding year are reflected as receivables and due to other taxing units on the accompanying statement of fiduciary net position – fiduciary fund.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

2. Receivables (cont.)

Property tax calendar – 2020 tax roll:

Lien date and levy date	November 2020
Tax bills mailed	December 2020
Payment in full, or	
First installment due	January 31, 2021
Second installment due	March 31, 2021
Third installment due	May 31, 2021
Fourth installment due	July 31, 2021
Personal property taxes in full	January 31, 2021
Final settlement with County	August 15, 2021
Tax deed by County – 2020	
Delinquent real estate taxes	October 2023

Accounts receivable have been shown net of an allowance for uncollectible accounts. Delinquent real estate taxes as of July 31 are paid in full by the county, which assumes the collection thereof. No provision for uncollectible accounts receivable has been made for the water and wastewater utilities because they have the right by law to place substantially all delinquent bills on the tax roll, and other delinquent bills are generally not significant.

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “due to and from other funds.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

In the governmental fund financial statements, advances to other funds are offset equally by a nonspendable fund balance account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation or by a restricted fund balance account, if the funds will ultimately be restricted when the advance is repaid.

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed.

It is the City’s policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year end are presented as restricted fund balance in the fund financial statements.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

3. INVENTORIES AND PREPAID ITEMS

Governmental fund inventories, if material, are recorded at cost based on the weighted average method using the consumption method of accounting. Inventory quantities at December 31, 2020 were determined by physical counts. Proprietary fund inventories are generally used for operation and maintenance work. They are not for resale. They are valued at cost based on weighted average method, and charged to operation and maintenance expense when used.

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

4. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

5. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$25,000 for infrastructure assets, and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. There was no interest capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Depreciation and amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation and amortization is provided over the assets' estimated useful lives using the straight-line method of depreciation with a half year convention. The range of estimated useful lives by type of asset is as follows:

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

5. Capital Assets (cont.)

Government-Wide Statements (cont.)

Buildings and Building Improvements	10-50	Years
Intangibles	5	Years
Land Improvements	20	Years
Machinery and Equipment, including buses	3-25	Years
Infrastructure:		
Streets, Roads, and Bridges	30-50	Years
Sidewalks	20	Years
Sewer Lines	50	Years
Shoreline Walls	50	Years
Other	15-100	Years

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 government-wide statements.

6. Assets Held for Resale

Periodically, the City purchases land and buildings for redevelopment and resale. In both the fund financial statements and the government wide statements these items are reported at the lower of cost or market.

7. Deferred Outflows of Resources

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

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

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

8. *Compensated Absences*

The City's policy allows employees to earn varying amounts of vacation pay for each year employed. Upon retirement or termination of employment, the employee is entitled to payment in cash for any unused accrued vacation. Sick leave is earned at varying rates based on the union contract. All employees, with the exception of firefighters, earn sick leave at the rate of eight hours per month of full-time service to a maximum of 1,200 hours. Employees are not compensated for unused sick leave upon termination of employment, except upon retirement or death. Upon retirement or death, all employees, with the exception of firefighters, are paid up to a maximum of 560 hours of accumulated sick leave. Firefighters may accrue sick leave to a maximum of 1,340 hours, or 960 hours depending on the class. Upon retirement or death these employees are paid up to a maximum of 670 hours or 480 hours respectively. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. In governmental fund financial statements, the cost of vacation and sick leave is recognized when payments are made to employees and liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2020 are determined on the basis of current salary rates and include salary related payments.

9. *Long-Term Obligations/Conduit Debt*

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 consists primarily of notes and bonds payable, and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

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

The City has approved 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 projects, and do not constitute indebtedness of the City. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The total amount of IRB's outstanding at the end of the year is \$31,900,233 made up of four issues.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

10. Deferred Inflows of Resources

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

11. Equity Classifications

Government–Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or 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.”

The net position section includes an adjustment of \$3,712,050 million for capital assets owned by the business type activities, but financed by the debt of the governmental activities. The amount is a reduction of “net investment of capital assets”, and an increase in “unrestricted” net position, shown only in the total column.

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

Fund Statements

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

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

11. Equity Classifications (cont.)

Fund Statements (cont.)

- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through formal action resolution of the City. This formal action must occur prior to the end of the reporting year, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City that originally created the commitment.
- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that are not considered restricted or committed. The City Council has, by resolution, adopted a financial policy authorizing the Director of Finance to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes 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.

The City has a formal minimum fund balance policy for the general fund. The policy is to maintain an unassigned fund balance of at least 20% of the subsequent year's general fund budgeted expenditures. The unassigned balance at year end was \$21,061,353 or 25%.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made. Proprietary fund equity is classified the same as in the government-wide statements.

12. Pension and OPEBs

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION OR EQUITY (cont.)

12. Pension and OPEBs (cont.)

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

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “other long-term assets are not available to pay for current-period expenditures and therefore, are unearned in the funds”. The details of this difference are as follows:

Unearned revenue-loans	\$ 5,485,385
Unearned revenue-grants	523,503
Unearned revenue-special assessments	<u>1,676,841</u>
Combined Adjustment for Long-Term Assets	<u>\$ 7,685,729</u>

Another element of that reconciliation states that “some liabilities, including long-term debt, are not due and payable in the current period and therefore are not reported in the funds”. In addition, interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net position. The details of the difference are as follows:

Bonds and notes payable, including premiums	\$ 101,007,988
Compensated absences, not including internal service fund	2,745,608
Unamortized loss on refunding	(1,016,841)
Accrued interest	<u>155,660</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 102,892,415</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE II – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (cont.)

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION (cont.)

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. The details of this difference are as follows:

Land	\$ 24,863,221
Construction in progress	19,552,911
Other capital assets net of accumulated depreciation/amortization	160,627,496
Less: Internal Service Funds capital assets	<u>(2,574,434)</u>
Combined Adjustment for Capital Assets	<u>\$ 202,469,194</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that “Governmental funds report the effects of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of the differences are as follows:

Premium received	\$ (852,400)
Loss on refunding	674,866
Amortization of loss on refunding and premium (net)	<u>325,631</u>
Unamortized debt premiums/deferred charges	<u>\$ 148,097</u>

Another element of that reconciliation states that “Revenues in the governmental funds that are not reported as revenues in the statement of activities.” The details of this difference are as follows:

Principal paid on economic development loans	\$ (626,520)
Principal paid on debt service loans	(234,632)
State capital grant	(1,055,045)
Special assessments collections	<u>44,665</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,871,532)</u>

Another element of that reconciliation states that “Expenditures in the governmental funds that are not reported as expenses in the statement of activities.” The net adjustment to increase net changes in fund balance – total governmental funds to arrive at changes in Net Position governmental activities of \$2,076,993 represents the net amount of economic development loans made and written off during the year.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I.

The City adopted annual governmental fund budgets for the following funds:

General Fund	Debt Service
Special Revenue Funds:	Capital Projects Funds:
Cemetery	Intergovernmental Revenue Sharing
Library	General Obligation Bond Projects
Health Lab	Equipment Replacement
Private Property Maintenance	
Recycling	
Sanitary Sewer Maintenance	
Municipal Court	
Room Tax	

Budgets have not been formally adopted for the following funds in their entirety:

Special Revenue Funds:
HUD Grants
State Grants
Other Agency Grants
Federal Grants
Loans
Special Assessments
Restricted
Trusts
Capital Project Funds:
City Projects
Capital Grants
Tax Incremental Districts
Permanent Fund:
Endowment Fund

Wisconsin State Statute 65.90 requires that an annual budget be adopted for all funds.

The budgeted amounts presented include any amendments made. Appropriation lapse at year-end unless specifically carried over. Carryovers to the following year include items encumbered at year-end. Carryovers to the following year were \$9,734,666. The City uses appropriation unit control (salaries and fringe benefits, operating and capital outlay) within department. All modifications/changes to appropriation units, capital outlay items and capital projects require Liaison Committee, Finance Committee and Common Council approval. Supplemental appropriations during the year were \$9,958,793.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

B. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following appropriation units have an excess of actual expenditures over appropriations for the year ended December 31, 2020:

<u>Fund</u>	<u>Department</u>	<u>Appropriation Unit</u>	<u>Amount</u>
General Fund	City Administration	Operating Expenditures	\$ 156,152
	Finance Department	Operating Expenditures	4,414
	Non Departmental	Operating Expenditures	18,349
	Non Departmental	Salaries and Fringes	165,400
	Fire	Salaries and Fringes	69,342
	Fire	Operating Expenditures	148,148
	City Development	Operating Expenditures	19,652
Special Revenue Funds:			
Library		Capital Outlay	13,952
Recycling		Salaries and Fringes	33,898
Cemetery		Salaries and Fringes	22,861
Cemetery		Operating	20,505
Cemetery		Interdepartmental	58
Private Property Maintenance		Salaries and Fringes	947
Private Property Maintenance		Operating	229,586
Sanitary Sewer Maintenance		Operating	281,742

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS **As of and for the Year Ended December 31, 2020**

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont.)

C. DEFICIT BALANCES

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. The Sanitary Sewer Maintenance fund had a \$218,266 deficit balance at year end. The Municipal court fund and the Recycling fund also had deficit balances of \$81,134 and \$446,280 respectively. These deficits will be funded by future charges for services. Likewise, the Radio Repair and Building Complex funds had deficit balances of \$169,034 and \$65,161, respectively. These deficits will be funded by future charges for services and facilities rent.

D. LIMITATIONS ON THE CITY'S TAX LEVY

Wisconsin law limits the City's future tax levies. Generally the City is limited to its prior tax levy dollar amount (excluding TIF Districts), increased by the greater of the percentage change in the City'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 City 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.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

The City's deposits and investments at year end comprised of the following:

	Carrying <u>Value</u>	Statement <u>Balances</u>	Associated <u>Risks</u>
Demand deposits	\$ 52,625,139	\$ 49,685,597	Custodial credit
Savings deposits	999,993	999,993	Custodial credit
Certificates of deposit	41,803,020	41,803,020	Custodial credit
Petty cash	8,015	-	NA
Total deposits	<u>\$ 95,436,167</u>	<u>\$ 92,488,610</u>	
Wisconsin Local Government			
Investment Pool	17,493,406		Credit
Mutual funds-equities	4,049,119		Credit
Mutual funds-fixed income	1,674,234		Credit, Interest Rate
U.S. Government agency securities-Explicit	1,064,408		Credit, Custodial Credit, Interest Rate, Concentration of Credit
U.S. Government agency securities-Implicit	<u>15,605,937</u>		Credit, Custodial Credit, Interest Rate, Concentration of
Total investments	<u>39,887,104</u>		Credit
Total Deposits and Investments	<u>\$ 135,323,271</u>		
Reconciliation to financial statements			
Per statement of net position			
Cash and Investments-Primary government	\$ 94,419,953		
Cash and investments-Component units	906,847		
Restricted cash and investments	17,505,074		
Per statement of fiduciary net position			
Custodial fund	<u>22,491,397</u>		
	<u>\$ 135,323,271</u>		

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

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

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 municipalities. This coverage has not been considered in computing custodial credit risk.

Custodial Credit Risk for Deposits

Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

As of December 31, 2020, the City's carrying value of deposits was \$95,366,780, as compared to bank balances of \$92,411,649. Of the bank balances \$73,888,488 was insured by either federal depository insurance or collateralized by securities held by the bank or its correspondent bank but not in the City's name. \$18,523,161 was uninsured as of December 31, 2020.

Custodial Credit Risk for Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateralized securities that are in the possession of an outside party.

As of December 31, 2020, the City's carrying value of U.S. Government Agency Securities subject to custodial credit risk was \$16,670,345. Of this investment balance, all amounts were covered by securities held by an agency in the City's name.

Credit Risk for Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

As indicated in Note I, Wisconsin statutes requires municipalities to invest in securities which have a rating that is the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investor's Service, or other similar nationally recognized rating agency or if that security is senior to, or on a par with, a security of the same issuer which has such a rating.

The City's U.S. Government agencies as of December 31, 2020 were rated Aaa by Moody's Investor's Services and AA+ by Standard & Poor's. As of December 31, 2020, the balance in these types of investments was \$16,670,345. The money market funds are rated A and the mutual funds range from a rating of A – BBB. The City also had investments in the LGIP which is an external pool that is not rated.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk for Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer.

At December 31, 2020, the City's investment portfolio had concentration of investments greater than 5% of the total portfolio as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
Federal National Mortgage Association	U.S. government agency notes and mortgage backed securities	11.39%
Federal Home Loan Bank Corporation	U.S. government agency notes and mortgage backed securities	24.31%
Federal Home Loan Mortgage Corporation	U.S. government agency notes and mortgage backed securities	26.79%
Federal Farm Credit Bank Corporation	U.S. government agency notes and mortgage backed securities	29.92%
Small Business Administration	U.S. government agency notes and mortgage backed securities	5.04%

Interest Rate Risk for Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investments subject to interest rate risk as of December 31, 2020 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Duration in Years</u>
U.S. Government Agency-implicitly guaranteed	\$ 12,017,600	5.02
U.S. Government Agency-implicitly guaranteed	3,588,337	0.71
U.S. Government Agency-explicitly guaranteed	1,064,408	0.69
Mutual Funds-fixed income	1,674,234	4.17

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

A. DEPOSITS AND INVESTMENTS (cont.)

Fair Value Hierarchy

The City of Racine categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The valuation methods for recurring fair value measurements are as follows:

- > Quoted market prices for similar assets or liabilities in active markets

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Fund Equities	\$ -	\$ 4,049,119	\$ -	\$ 4,049,119
Mutual Fund Fixed Income	-	1,674,234	-	1,674,234
U.S. Government Agencies	<u>1,064,408</u>	<u>15,605,937</u>	<u>-</u>	<u>16,670,345</u>
Total	<u>\$ 1,064,408</u>	<u>\$ 21,329,290</u>	<u>\$ -</u>	<u>\$ 22,393,698</u>

B. RECEIVABLES

Receivables of the City are reported net of uncollectible amounts. Details relating to the uncollectible amounts are as follows:

	<u>Account</u>	<u>Rescue</u>	<u>Loans</u>	<u>Delinquent</u>	
	<u>Receivable</u>	<u>Runs</u>	<u>Receivable</u>	<u>Personal</u>	<u>Total</u>
				<u>Property</u>	
General Fund	\$ 338,616	\$ 261,429	\$ -	\$ 384,909	\$ 984,954
Loan Fund	-	-	1,409,056	-	1,409,056
Other Enterprise	2,052	-	-	-	2,052
Transit	4,665	-	-	-	4,665
Storm Water Utility	50	-	-	-	50
Internal Service	22,620	-	-	-	22,620
Other Non-Major Funds	<u>10,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,417</u>
	<u>\$ 378,420</u>	<u>\$ 261,429</u>	<u>\$ 1,409,056</u>	<u>\$ 384,909</u>	<u>\$ 2,433,814</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

B. RECEIVABLES (cont.)

The following receivable amounts are considered to be long-term receivables:

	General Fund	Tax Incremental Districts	Other Non Major	Total
Special Assessments	\$ -	\$ -	\$ 1,676,841	\$ 1,676,841
Delinquent personal property taxes	21,649	-	-	21,649
Loans and notes	-	900,000	4,805,697	5,705,697
	<u>\$ 21,649</u>	<u>\$ 900,000</u>	<u>\$ 6,482,538</u>	<u>\$ 7,404,187</u>

Governmental funds report unavailable or 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 revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Property taxes receivable	\$ -	\$ 63,797,916	\$ 63,797,916
Loans receivable	5,485,385	-	5,485,385
Special assessments not yet due	1,676,841	-	1,676,841
Interest on loans and advances	-	246,458	246,458
Grant receivables	523,503	1,015,009	1,538,512
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 7,685,729</u>	<u>\$ 65,059,383</u>	<u>\$ 72,745,112</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

Long Term Debt Accounts

- Redemption – Used to segregate resources accumulated for debt service payments over the next twelve months.
- Reserve – Used to report resources set aside to make up potential future deficiencies in the redemption account.
- Depreciation – Used to report resources set aside to fund plant renewals and replacement or make up potential future deficiencies in the redemption account.
- Improvement – Used to report proceeds of revenue bond issuances that are restricted for use in construction.

Equipment Replacement Account

The Wastewater Utility established an equipment replacement account to be used for significant mechanical equipment replacement as required by the Wisconsin Department of Natural Resources.

Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

Following is a list of restricted assets for the Water and Wastewater Utility at December 31, 2020:

	Water Utility	Wastewater Utility	Total
Bond redemption account	\$ 2,271,073	\$ 4,503,451	\$ 6,774,524
Bond reserve account	3,715,597	-	3,715,597
Bond depreciation account	800,000	-	800,000
Equipment replacement account	-	3,214,426	3,214,426
Capital improvement fund	3,000,527	-	3,000,527
Plant capacity receivable	-	20,133,545	20,133,545
Total Restricted Assets	9,787,197	27,851,422	37,638,619
Reconciliation to restricted net position			
Plant capacity receivable reported as unearned revenue	-	(20,133,545)	(20,133,545)
Accrued interest payable	(516,738)	(103,490)	(620,228)
Unspent bond proceeds	(3,000,527)	-	(3,000,527)
Bond reserve fund financed by bond proceeds	(3,715,597)	-	(3,715,597)
Restricted Net Position	<u>\$ 2,554,335</u>	<u>\$ 7,614,387</u>	<u>\$ 10,168,722</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 24,863,221	\$ -	\$ -	\$ 24,863,221
Construction in progress	<u>19,614,360</u>	<u>11,663,306</u>	<u>11,724,755</u>	<u>19,552,911</u>
Total Capital Assets Not Being Depreciated/Amortized	<u>44,477,581</u>	<u>11,663,306</u>	<u>11,724,755</u>	<u>44,416,132</u>
Capital assets being depreciated/amortized				
Intangible assets	1,623,098	329,898	-	1,952,996
Land improvements	12,898,411	226,459	-	13,124,870
Buildings	50,435,952	1,500,490	-	51,936,442
Machinery and equipment	43,094,738	4,481,736	1,455,203	46,121,271
Roads, streets, and bridges	180,085,977	6,532,550	965,653	185,652,874
Sidewalks	55,679,844	432,277	134,396	55,977,725
Sewer lines	47,684,945	1,361,064	243,410	48,802,599
Shoreline walls and other	<u>24,040,581</u>	<u>-</u>	<u>-</u>	<u>24,040,581</u>
Total Capital Assets Being Depreciated/Amortized	<u>415,543,546</u>	<u>14,864,474</u>	<u>2,798,662</u>	<u>427,609,358</u>
Less: accumulated depreciation/amortization for				
Intangible assets	1,033,355	161,198	-	1,194,553
Land improvements	10,067,604	568,975	-	10,636,579
Buildings	29,838,088	1,942,560	-	31,780,648
Machinery and equipment	32,885,000	2,867,581	1,455,203	34,297,378
Roads, streets, and bridges	99,981,168	5,088,711	955,480	104,114,399
Sidewalks	47,837,114	862,127	134,395	48,564,846
Sewer lines	22,339,401	899,520	243,410	22,995,511
Shoreline walls and other	<u>12,723,724</u>	<u>674,224</u>	<u>-</u>	<u>13,397,948</u>
Total Accumulated Depreciation/Amortization	<u>256,705,454</u>	<u>13,064,896</u>	<u>2,788,488</u>	<u>266,981,862</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>158,838,092</u>	<u>1,799,578</u>	<u>10,174</u>	<u>160,627,496</u>
Governmental Activities Capital Assets, Net	<u>\$ 203,315,673</u>	<u>\$ 13,462,884</u>	<u>\$ 11,734,929</u>	<u>\$ 205,043,628</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 823,694
Education and recreation	1,867,299
Public works, which includes infrastructure	9,110,864
Public safety	<u>1,263,039</u>
 Total Governmental Activities Depreciation/Amortization Expense	 \$ <u><u>13,064,896</u></u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 5,301,753	\$ -	\$ -	\$ 5,301,753
Construction in progress	10,241,523	13,308,709	8,513,539	15,036,693
Total Capital Assets Not Being Depreciated	15,543,276	13,308,709	8,513,539	20,338,446
Capital assets being depreciated				
Land improvements	9,973,000	-	-	9,973,000
Improvements other than buildings	226,311,538	45,256,720	505,630	271,062,628
Buildings	162,314,894	193,304	5,191	162,503,007
Machinery and equipment	103,731,063	6,936,973	1,220,814	109,447,222
Total Capital Assets Being Depreciated	502,330,495	52,386,997	1,731,635	552,985,857
Less: accumulated depreciation for				
Land improvements	7,191,147	326,519	-	7,517,666
Improvements other than buildings	82,245,364	4,123,247	505,628	85,862,983
Buildings	76,839,872	4,047,072	5,191	80,881,753
Machinery and equipment	74,360,459	4,804,499	1,166,682	77,998,276
Total Accumulated Depreciation	240,636,842	13,301,337	1,677,501	252,260,678
Total Capital Assets Depreciated, Net	261,693,653	39,085,660	54,134	300,725,179
Business-Type Activities Capital Assets, Net	\$ 277,236,929	\$ 52,394,369	\$ 8,567,673	\$ 321,063,625

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 5,495,192
Wastewater	3,940,649
Stormwater	1,448,686
Belle Urban Transit	1,316,118
Other	959,379
Total Business-Type Activities Depreciation Expense	<u>\$ 13,160,024</u>

Depreciation expense may be different from business-type activity capital asset additions to accumulated depreciation because of joint metering, salvage, cost of removal, internal allocations, or costs associated with the disposal of assets.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Receivable Fund	Payable Fund	Total
General Fund	Enterprise Fund-Transit	\$ 7,331,445
General Fund	Enterprise Fund-Civic Center	353,117
General Fund	Internal Service Fund-Information Systems	587,871
General Fund	Wastewater Utility	276,497
General Fund	Water Utility	3,688,673
General Fund	Special Revenue-HUD Grants	254,400
General Fund	Special Revenue-State Grants	1,236,977
General Fund	Special Revenue-Federal Grants	376,532
General Fund	Special Revenue-Loans	5,136
General Fund	Special Revenue-Trusts	6,615
General Fund	Special Revenue-Recycling	349,154
General Fund	Special Revenue-Municipal Court	31,950
General Fund	Permanent Funds	12,502
General Fund	Capital Projects-Capital grants	11,201
General Fund	Capital Projects-TID	1,049,087
General Fund	Capital Projects-City Projects	785,622
Wastewater Utility	Internal Service Fund-Building Complex	8,159
Wastewater Utility	Water Utility	797,784
Wastewater Utility	General Fund	1,397,767
Water Utility	Wastewater Utility	752,797
Water Utility	Enterprise-Storm Water	46,714
Water Utility	General Fund	2,452,269

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

Receivable Fund	Payable Fund	Total
Capital Projects-City Projects	Wastewater Utility	3,305,130
Internal Service Fund-Equipment Maint.	Water Utility	7,620
Internal Service Fund-Equipment Maint.	Wastewater Utility	1,801
Internal Service Fund-Building Complex	Water Utility	3,966
Internal Service Fund-Building Complex	Wastewater Utility	1,620
Internal Service Fund-Health Insurance	Water Utility	5,236
Internal Service Fund-Health Insurance	Wastewater Utility	3,920
Enterprise-Storm Water	Water Utility	1,717,063
Other Enterprise-Radio Tower	Wastewater Utility	96
Subtotal-Fund Financial Statements		26,858,721
Less: Fund eliminations		(8,021,501)
Less: Government-wide eliminations		(7,716,390)
		<u>\$ 11,120,830</u>

The principal purpose of these interfunds is to fund overdrafts on pooled cash. In addition, the balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

All amounts are due within one year except for \$5,227,407 of funds owed to the general fund from other City funds. This amount is included in nonspendable fund balance in the general fund as a noncurrent receivable.

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

The Intergovernmental Revenue Sharing fund is advancing funds to several TID's to cover the shortfall in each TID. The fund is charging interest at the City's blended investment rate and a repayment schedule has not been determined. A repayment schedule has been established for the advances to the Water and Wastewater Utility based on their percentage of the pension liability.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

The following is a schedule of interfund advances:

Receivable Fund	Payable Fund	Amount	Amount Due Within One Year
Intergovernmental Revenue Sharing	Tax Increment District #23	\$ 14,850	-
Intergovernmental Revenue Sharing	Tax Increment District #22	18,905	-
Intergovernmental Revenue Sharing	Tax Increment District #20	3,537	-
Intergovernmental Revenue Sharing	Tax Increment District #19	937,738	-
Intergovernmental Revenue Sharing	Tax Increment District #18	6,930,380	-
Intergovernmental Revenue Sharing	Tax Increment District #16	<u>174,453</u>	-
Subtotal-Fund financial statements		\$ 8,079,863	<u>\$ -</u>
Less: fund eliminations		<u>(8,079,863)</u>	
Total advance to other funds-government wide statements		<u>\$ -</u>	

For the statement of Net Position, interfund advance balances which are owed within the governmental activities or business-type activities are netted and eliminated.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS (cont.)

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
General Fund	Enterprise - Water	\$ 272,581
General Fund	Enterprise - Wastewater	4,384,641
General Fund	Special Revenue-Loans	88,597
General Fund	Special Revenue-HUD Grants	176,643
Debt Service Fund	Capital Projects-TID	1,126,688
Capital Projects-City Projects	Special Revenue-Special Assessment	499,935
Enterprise-Transit	Capital Projects - General Obligation	350,449
Enterprise - Water	Enterprise - Wastewater	55,290
Internal Service-Information Systems	Capital Projects - General Obligation	914,799
Internal Service-Information Systems	Capital Projects - Equipment Replacement	515,250
Special Revenue-Loans	Special Revenue-HUD Grants	136,197
Special Revenue-State Grants	General Fund	40,478
Special Revenue-Restricted	Capital Projects-Intergovernmental	20,000
Subtotal-fund financial statements		8,581,548
Less: Fund eliminations		(3,573,877)
Add: Government wide eliminations		(700,898)
		<u>\$ 4,306,773</u>

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2020 was as follows:

GOVERNMENTAL ACTIVITIES

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General Obligation					
Bonds and notes payable	\$ 92,645,000	\$ 39,485,000	\$ 38,195,000	\$ 93,935,000	\$ 17,550,000
Premiums	7,032,390	852,399	811,801	7,072,988	-
Sub-total	<u>99,677,390</u>	<u>40,337,399</u>	<u>39,006,801</u>	<u>101,007,988</u>	<u>17,550,000</u>
Other Liabilities					
Vested compensated absences	2,663,909	508,521	303,183	2,869,247	373,447
Total health OPEB liability	270,701,217	15,504,504	42,603,745	243,601,976	-
Net life insurance OPEB liability	1,979,503	1,390,775	-	3,370,278	-
Net pension liability	<u>15,188,341</u>	<u>-</u>	<u>15,188,341</u>	<u>-</u>	<u>-</u>
Total Other Liabilities	<u>290,532,970</u>	<u>17,403,800</u>	<u>58,095,269</u>	<u>249,841,501</u>	<u>373,447</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 390,210,360</u>	<u>\$ 57,741,199</u>	<u>\$ 97,102,070</u>	<u>\$ 350,849,489</u>	<u>\$ 17,923,447</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

BUSINESS-TYPE ACTIVITIES

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds and notes payable					
Revenue bonds	\$ 79,521,667	\$ 766,598	\$ 10,795,827	\$ 69,492,438	\$ 11,100,047
Premiums	2,405,813	-	274,886	2,130,927	254,897
Sub-total	<u>81,927,480</u>	<u>766,598</u>	<u>11,070,713</u>	<u>71,623,365</u>	<u>11,354,944</u>
Other Liabilities					
Vested compensated absences	1,111,863	157,413	206,755	1,062,521	100,589
Total health OPEB liability	39,993,429	669,440	6,000,310	34,662,559	-
Net life insurance OPEB liability	481,454	322,521	-	803,975	-
Net pension liability	<u>1,590,093</u>	<u>-</u>	<u>1,590,093</u>	<u>-</u>	<u>-</u>
Total Other Liabilities	<u>43,176,839</u>	<u>1,149,374</u>	<u>7,797,158</u>	<u>36,529,055</u>	<u>100,589</u>
Total Business Type Activities					
Long-Term Liabilities	<u>\$ 125,104,319</u>	<u>\$ 1,915,972</u>	<u>\$ 18,867,871</u>	<u>\$ 108,152,420</u>	<u>\$ 11,455,533</u>

General Obligation Debt

All general obligation notes and bonds payable are backed by the full faith and credit of the City. Notes and bonds in the governmental funds will be retired by future property tax levies or tax increments accumulated by the debt service fund. Business-type activities debt is payable by revenues from user fees of those funds or, if the revenues are not sufficient, by future tax levies.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the City may not exceed 5% of the equalized value of taxable property within the City's jurisdiction. The debt limit as of December 31, 2020, was \$198,893,785. Total general obligation debt outstanding at year end was \$93,935,000.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Type/Series	Date of Issue	Maturity Date	Interest Rate	Original Indebtedness	Outstanding 12/31/2020
General Obligation Bonds					
2012	12/27/2012	12/27/2026	2.00-4.00%	\$ 9,830,000	\$ 1,605,000
2013	11/06/2013	12/10/2027	2.00-4.00	26,450,000	2,280,000
2014	12/09/2014	12/9/2028	2.00-4.00	15,395,000	8,190,000
2015	12/07/2015	12/7/2029	2.00-3.00	11,130,000	6,960,000
2016	12/07/2016	12/7/2030	2.00-4.00	11,915,000	7,790,000
2017	12/05/2017	12/5/2031	3.00-5.00	19,145,000	15,320,000
2018	12/11/2018	12/11/2032	4.00-5.00	9,720,000	7,765,000
2019	12/20/2019	12/20/2033	3.00-5.00	13,390,000	10,510,000
2020	10/06/2020	12/1/2027	.40-1.05	10,525,000	10,525,000
2020	12/18/2020	12/1/2034	2.00-4.00	13,755,000	13,755,000
					<u>84,700,000</u>
Taxable General Obligation Bonds					
2019	10/01/2019	10/1/2023	3.0	2,690,000	<u>2,060,000</u>
Taxable Incremental General Obligation Debt					
2014 (Tif #10)	12/09/2014	12/9/2028	2.00-4.00	2,280,000	1,500,000
2015 (Tif #11)	09/08/2015	12/1/2025	1.00-3.10	1,410,000	800,000
2018 (Tif #18)	12/11/2018	12/11/2021	3.5	3,500,000	3,500,000
2019 (Tif #9)	10/01/2019	10/1/2021	3.0	935,000	<u>475,000</u>
					<u>6,275,000</u>
Board of Commissioners of Public Lands					
2020	05/04/2020	3/15/2040	3.75	900,000	<u>900,000</u>
					<u>900,000</u>
Total Governmental Activities-General Obligation Debt					<u>\$ 93,935,000</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 17,550,000	\$ 3,094,878	\$ 20,644,878
2022	10,350,000	2,636,013	12,986,013
2023	13,545,922	2,252,955	15,798,877
2024	8,717,181	1,772,097	10,489,278
2025	8,123,664	1,510,444	9,634,108
2026-2030	27,236,108	4,003,756	31,239,864
2031-2035	8,099,801	519,711	8,619,512
2036-2040	<u>312,323</u>	<u>36,039</u>	<u>348,362</u>
Totals	<u>\$ 93,935,000</u>	<u>\$ 15,825,892</u>	<u>\$ 109,760,892</u>

Debt Refunding

On October 6, 2020, the City issued \$10,525,000 in general obligation refunding bonds, with an interest rate ranging from .40%-1.05%. The bonds were used to:

1. Current refund \$2,650,000 of 2010 Taxable General Obligation Bonds (BABS)
2. Advance refund \$3,565,000 of the 2012 General Obligation Bonds.
3. Advance refund \$3,490,000 of the 2013 General Obligation Bonds.

The cash flow requirements on the refunded debt prior to the refunding was \$18,133,368 from 2021 through 2027. The cash flow requirements on the general obligation refunding bonds are \$17,748,880 from 2021 through 2027. The refunding resulted in a potential debt service savings of \$384,488.

On December 18, 2020, the City issued \$13,755,000 in general obligation refunding bonds, with interest ranging from 2.00% - 4.00%. The bonds, along with cash on hand, were used to current refund note anticipation notes dated September 29, 2020.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Business-Type Activities Revenue Debt

Revenue Debt

Revenue bonds are payable only from revenues derived from the operation of the Water and Wastewater Utilities.

Revenue debt payable at December 31, 2020 consists of the following:

<u>Type/Series</u>	<u>Date of Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance Outstanding 12/31/2020</u>
Water Utility					
Safe Drinking Water Loan	12/22/2004	5/1/2024	2.37%	16,666,035	\$ 4,179,159
Mortgage Revenue Refunding Bonds	10/25/2011	9/1/2021	2.00-4.50	6,500,000	335,000
Mortgage Revenue Refunding Bonds	7/10/2012	9/1/2024	2.00-4.00	14,140,000	6,155,000
Safe Drinking Water Loan	5/27/2015	5/1/2035	1.65	1,708,229	1,457,292
Mortgage Revenue Refunding Bonds	9/8/2015	9/1/2026	2.00-4.00	6,590,000	4,095,000
Mortgage Revenue Refunding Bonds	9/7/2016	9/1/2021	2.00-3.00	3,725,000	770,000
Mortgage Revenue Bonds	12/28/2017	9/1/2031	3.00-5.00	6,135,000	5,975,000
Mortgage Revenue Bonds	2/19/2019	9/1/2039	3.00-5.00	20,000,000	20,000,000
Total Water Utility					<u>42,966,451</u>
Wastewater Utility					
Clean Water Fund Loans	9/27/2000	5/1/2020	2.970	805,113	-
Clean Water Fund Loans	4/10/2002	5/1/2021	2.750	4,073,012	272,369
Clean Water Fund Loans	12/22/2004	5/1/2021	2.860	17,943,748	2,403,595
Clean Water Fund Loans	11/27/2002	5/1/2022	2.867	60,724,848	8,573,425
Clean Water Fund Loans	1/23/2008	5/1/2027	2.480	3,481,931	1,421,836
Clean Water Fund Loans	3/24/2010	5/1/2029	2.200	2,524,712	1,354,906
Clean Water Fund Loans	5/23/2018	5/1/2038	1.870	521,526	477,632
Clean Water Fund Loans	6/27/2018	5/1/2038	1.870	13,088,291	12,022,224
Total Wastewater Utility					<u>26,525,987</u>
Total Business-Type Revenue Debt					<u>\$ 69,492,438</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

Years	Business-Type Activities Revenue Debt		
	Principal	Interest	Total
2021	\$ 11,100,047	\$ 2,129,232	\$ 13,229,279
2022	10,301,736	1,805,307	12,107,043
2023	4,885,701	1,579,520	6,465,221
2024	5,041,692	1,421,570	6,463,262
2025	3,336,418	1,271,880	4,608,298
2026-2030	14,373,696	4,593,059	18,966,755
2031-2035	11,585,014	2,447,566	14,032,580
2036-2039	8,868,134	692,277	9,560,411
	<u>\$ 69,492,438</u>	<u>\$ 15,940,411</u>	<u>\$ 85,432,849</u>

The Utilities issue revenue bonds, safe drinking water loans and clean water fund loans that are payable only from revenues derived from the operation of the Water and Wastewater Utilities.

The Water Utility has pledged future customer revenues, net of specified operating expenses, to repay \$77.7 million in water system revenue bonds issued between 2004 and 2019. Proceeds from the bonds provided financing for various extension, replacement, repair and improvement projects throughout the water treatment and distribution system and acquiring equipment, and refunding. The bonds are payable solely from water customer net revenues and are payable through 2039. Annual principal and interest payments on the bonds are expected to require less than 75% of net revenues. The total principal and interest remaining to be paid on the bonds is \$56,101,428. Principal and interest paid for the current year and total customer net revenues were \$6,085,168 and \$11,616,759, respectively.

The Wastewater Utility has pledged future customer revenues, net of specified operating expenses, to repay \$103.2 million in clean water fund loans issued between 2000 and 2018. Proceeds from the bonds provided financing for the construction of certain projects in the wastewater treatment system. The loans are payable solely from wastewater customer net revenues and are payable through 2038. Annual principal and interest payments on the loans are expected to require less than 90% of net revenues. The total principal and interest remaining to be paid on the bonds is \$29,331,421. Principal and interest paid for the current year and total revenues were \$7,134,702 and \$9,134,596, respectively.

There are a number of limitations and restrictions contained in the various bond indentures and loan agreements. With the exception of the violation noted above, the Utility believes they are in compliance with all significant limitations and restrictions, including federal arbitrage regulations.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

F. LONG-TERM OBLIGATIONS (cont.)

Other Debt Information

Estimated payments of compensated absences and other postemployment benefits are not included in the debt service requirement schedules. The compensated absences liability attributable to governmental activities will be liquidated primarily by the general fund.

A statutory mortgage lien upon the City's utility system and any additions, improvements and extensions thereto is created by Section 66.066 of the Wisconsin Statutes as provided for in the ordinances creating the revenue bond issue. The City's system and the earnings of the system remain subject to the lien until payment in full of the principal and interest on the bonds.

Defeasance of Debt

The City has defeased certain general obligation notes and bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old notes and bonds. Accordingly, the trust account assets and the liability for the defeased notes and bonds are not included in the City's financial statements. At December 31, 2020, \$11,285,000 of bonds outstanding is considered defeased. The bonds are callable in 2021-2023.

G. LEASE DISCLOSURES

The Wastewater Utility leases a parcel of land from the Racine Commercial Airport Corporation. The lease, which is for 50 years expiring in 2052, is classified as an operating lease. Lease payments are the greater of \$35,000 adjusted annually for inflation or half of the property taxes levied on the Airport's real property. Rent expense for the lease was \$50,846 in 2020.

Future minimum payments for the next five years under the lease:

2021	\$	35,000
2022		35,000
2023		35,000
2024		35,000
2025		35,000
Thereafter		910,000
	\$	<u>1,085,000</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2020 includes the following:

Governmental Activities

Net Investment in capital assets	
Capital assets, net of accumulated depreciation/amortization	\$ 205,043,628
Less: related long-term debt outstanding, premiums, less	(96,279,097)
Plus: funds borrowed but not spent	<u>8,312,852</u>
Total Net Investment in Capital Assets	<u>117,077,383</u>
Restricted for	
Debt service	196,903
Permanent Funds	
Non Expendable	964,701
Expendable	1,703,016
Library	343,263
Loan programs	6,544,203
Tax incremental districts	10,000,579
Intergovernmental revenue sharing	12,823,429
Federal and State grant programs	839,817
Trusts	4,014,913
Health and other	774,872
Pension Asset	13,980,705
Special assessment program	<u>3,284,201</u>
Total Restricted	<u>55,470,602</u>
Unrestricted (deficit)	<u>(244,081,496)</u>
Total Governmental Activities Net Positions	<u>\$ (71,533,511)</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Business-Type Activities

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 321,063,625
Less: related long-term debt outstanding	(68,358,281)
Total Net Investment in Capital Assets	<u>252,705,344</u>
Restricted for	
Debt Service	6,154,296
Depreciation Fund	800,000
DNR equipment replacement fund	3,214,426
Pension asset	<u>1,576,060</u>
Total Restricted	<u>11,744,782</u>
Unrestricted (deficit)	<u>(48,812,612)</u>
Total Business-Type Activities Net Position	<u><u>\$ 215,637,514</u></u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2020 include the following:

		Capital Projects Fund			
		Tax		Nonmajor	Total
	General	Incremental	Debt	Governmental	Governmental
	Fund	Districts	Service	Funds	Funds
Fund Balances:					
Nonspendable					
Non current receivables	\$ 5,227,407	\$ -	\$ -	\$ -	\$ 5,227,407
Inventories	658,692	-	-	-	658,692
Prepaid Items	25,449	-	-	-	25,449
Deposit in CVMIC	2,962,500	-	-	-	2,962,500
	<u>8,874,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,874,048</u>
Restricted for:					
Loan program	-	-	-	1,958,818	1,958,818
Debt service	-	-	352,563	-	352,563
HUD grant programs	-	-	-	94,746	94,746
State grant programs	-	-	-	978	978
Federal grant programs	-	-	-	523,781	523,781
Special assessment program	-	-	-	1,607,360	1,607,360
Public safety	-	-	-	573,794	573,794
Health services	-	-	-	39,246	39,246
Cemetery donations	-	-	-	99,790	99,790
Park and recreation programs	-	-	-	62,042	62,042
Trusts	-	-	-	4,014,913	4,014,913
Library services	-	-	-	343,263	343,263
Tax incremental districts	-	9,100,579	-	-	9,100,579
Revenue sharing	-	-	-	12,823,429	12,823,429
Endowments	-	-	-	2,667,717	2,667,717
	<u>-</u>	<u>9,100,579</u>	<u>352,563</u>	<u>24,809,877</u>	<u>34,263,019</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

	Capital Projects Fund			Nonmajor	Total
	General	Tax	Debt	Governmental	Total
	Fund	Incremental	Service	Funds	Governmental
		Districts			Funds
Committed to:					
Harbor Commission	\$ -	\$ -	\$ -	\$ 263,690	\$ 263,690
Fire Prevention	-	-	-	60,751	60,751
Racine Safe Neighborhood	-	-	-	9,326	9,326
Sister Cities	-	-	-	18,906	18,906
Boat Launch	-	-	-	163	163
Comm Center Concessions	-	-	-	26,327	26,327
Landmark Preservation	-	-	-	4,395	4,395
Open Space Park Land	-	-	-	11,958	11,958
Cemetery	-	-	-	413,227	413,227
City Projects	-	-	-	2,854,688	2,854,688
Private Property Maintenance	-	-	-	711,141	711,141
Health Lab	-	-	-	71,243	71,243
Room Tax	-	-	-	160,562	160,562
Equipment Replacement	-	-	-	1,250,363	1,250,363
Capital projects	-	-	-	7,062,489	7,062,489
	-	-	-	12,919,229	12,919,229
Assigned to:					
Budget Stabilization	1,000,000	-	-	-	1,000,000
Wage Provision	5,163,132	-	-	-	5,163,132
Economic Development	-	-	-	129,086	129,086
	6,163,132	-	-	129,086	6,292,218
Unassigned (deficit)	21,061,353	-	-	(745,680)	20,315,673
Total Fund Balances	\$ 36,098,533	\$ 9,100,579	\$ 352,563	\$ 37,112,512	\$ 82,664,187

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS

This report contains the Downtown Racine Business Improvement District #1 (BID) and the Racine Redevelopment Authority, which are included as component units. Financial information is presented as a discrete column in the statement of Net Position and statement of activities.

In addition to the basic financial statements and the preceding notes to financial statements which apply, the following additional disclosures are considered necessary for a fair presentation.

CITY OF RACINE REDEVELOPMENT AUTHORITY

a. Basis of Accounting/Measurement Focus

The Redevelopment Authority follows the modified accrual basis of accounting and the flow of current financial resources measurement focus.

b. Transactions with the Primary Government

At December 31, 2020, the Redevelopment Authority has advances from the City in the amount of \$2,286,585. There has been no amortization schedule established.

c. Assets Held for Resale

The Authority obtains land and buildings to redevelop and resale. All assets are recorded at lower of cost or market. Donated assets are recorded at fair market value at the date of donation. The Authority's assets are being held for resale and are therefore not depreciable.

At December 31, 2020 the Authority had assets held for resale of \$5,622,831.

d. Cash and Investments

At December 31, 2020, the carrying value and bank balance of the Redevelopment Authority's deposits are \$837,460. These monies are commingled with other City funds and therefore FDIC coverage is not able to be determined.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE IV – DETAILED NOTES ON ALL FUNDS (cont.)

I. COMPONENT UNITS (cont.)

DOWNTOWN RACINE BUSINESS IMPROVEMENT DISTRICT #1 (BID)

a. Basis of Accounting/Measurement Focus

The BID follows the modified accrual basis of accounting and the flow of current financial resources measurement focus.

b. Transactions with the Primary Government

At December 31, 2020, the BID has a receivable of \$197,578 from the City's tax collection fund for the entire subsequent year's annual assessment.

c. Cash and Investments

At December 31, 2020, the carrying value of the BID's deposits is \$69,387. Of that balance all was covered by federal depository insurance.

d. Capital Assets

The BID's capital assets are defined as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Equipment is depreciated using the straight-line method over five to ten years.

At December 31, 2020, the District had capital assets with a cost of \$14,232 and accumulated depreciation of \$14,232. The District's net book value of capital assets was \$-0-. There were no current year additions.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

General Information About the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1,200 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. ETF is responsible for administration of the WRS and State of Wisconsin Investment Board (SWIB) is responsible for managing WRS investments.

ETF issues a standalone Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Post-retirement adjustments. The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2010	(1.3)%	22%
2011	(1.2)	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17.0
2019	0.0	(10.0)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executive and Elected Officials category merged into the General Employee category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

During the reporting period, the WRS recognized \$5,130,072 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2020 are:

Employee Category	Employee	Employer
General	6.55%	6.55%
Executives & Elected Officials	6.55%	6.55%
Protective with Social Security	6.55%	10.55%
Protective without Social Security	6.55%	14.95%

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

At December 31, 2020, the City reported an asset of \$15,556,765 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net pension asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was .48246164%, which was an increase of .01085085% from its proportion measured as of December 31, 2019.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

For the year ended December 31, 2020, the City recognized pension expense of \$6,103,306.

At December 31, 2020, the City reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 29,530,298	\$ 14,777,938
Changes of actuarial assumptions	1,212,285	-
Net differences between projected and actual earnings on pension plan investments	-	31,803,561
Changes in proportion and differences between employer contributions and proportionate share of contributions	110,230	24,209
Employer contributions subsequent to the measurement date	<u>5,794,215</u>	<u>-</u>
Total	<u>\$ 36,647,028</u>	<u>\$ 46,605,708</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$5,794,215 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended <u>December 31:</u>	Deferred Outflow (inflow) <u>of Resources (net)</u>
2021	\$ (4,657,887)
2022	(3,484,789)
2023	559,349
2024	(8,169,568)

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2018
Measurement Date of Net Pension Liability	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%*

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total Pension Asset for December 31, 2019 is based upon a roll-forward of the liability calculated from the December 31, 2018 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Core Fund Asset Class	Current Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Real Rate of Return
Global Equities	49%	8.0%	5.1%
Fixed Income	24.5	4.9	2.1
Inflation Sensitive Assets	15.5	4.0	1.2
Real Estate	9	6.3	3.5
Private Equity/Debt	8	10.6	7.6
Multi-Asset	4	6.9	4.0
Total Core Fund	110	7.5	4.6

Variable Fund Asset Class	Current Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Real Rate of Return
US Equities	70%	7.5%	4.6%
International Equities	30	8.2	5.3
Total Variable Fund	100	7.8	4.9

New England Pension Consultants Long Term US CPI (inflation) Forecast: 2.75%

Asset allocations are managed within established ranges, target percentages may differ from actual monthly allocations.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Single discount rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.00% and a long term bond rate of 2.75%. (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December, 31, 2019. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.) Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1- percentage-point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
The City's proportionate share of the net pension liability (asset)	<u>\$40,061,452</u>	<u>\$(15,556,765)</u>	<u>\$(57,137,780)</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://eft.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

B. RACINE TRANSIT SYSTEM PENSION PLAN

The Transit System's union employees participate in a cost-sharing, multiple-employer defined benefit plan. The Plan provides for retirement and related benefits for eligible employees of contributing employers that are signatory to collective bargaining agreements with local unions accepted by the Trustees of the Fund.

The Transit System makes contributions to the Fund, on behalf of their employee participants, at rates specified in their collective bargaining agreement. Contributions to the plan were \$958,846, \$932,744, and \$803,424, for the years ended December 31, 2020, 2019, and 2018 respectively. The following table shows the rate charged per week for each contract year:

Contract Period	Rate per week
July 1, 2020 – June 30, 2021	\$264
July 1, 2019 – June 30, 2020	254
July 1, 2018 – June 30, 2019	244
July 1, 2017 – June 30, 2018	235

The Plan provides several pension benefits. Benefit levels are generally based on the participant's contribution levels, length of vested service and age. Generally, at least 10 years of service are required to be eligible for any benefit level. The Plan's principal benefit has been a "20-Year Service Pension", which is available to participants who attain age 57 and have twenty years of service credits. Greater benefits apply to participants who accumulate 25, 30 or 35 years of contributory credit.

Under certain conditions, partial pensions are available at reduced amounts where participation has been divided between the Plan and other pension plans that have reciprocal agreements with the Fund. The Plan also provides for a monthly disability benefit, a lump-sum disability benefit and various death benefits.

The amount shown as the "pension benefit obligation" below, is a standardized disclosure measure of the present value of pension benefits, estimated to be payable in the future as a result of employee service to date and applying other significant assumptions regarding mortality rates, age of retirement, and rates of termination for reasons other than death or retirement. The measure is intended to help users assess the funding status of the Plan on a going-concern basis, and to assess progress made in accumulating sufficient assets to pay benefits when due. The Plan does not make separate measurements of assets and pension benefit obligations for separate employers.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

B. RACINE TRANSIT SYSTEM PENSION PLAN (cont.)

FUNDED PERCENTAGE

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan's assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan's funded percentage for the Plan Year and 2 preceding plan years is set forth in the chart below, along with a statement of the value of the Plan's assets and liabilities for the same period.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Valuation Date	January 1, 2020	January 1, 2019	January 1, 2018
Funded Percentage	19.5%	24.8%	27.2%
Value of Assets	\$11,436,565,916	\$13,163,329,735	\$14,636,917,318
Value of Liabilities	\$58,512,784,264	\$52,986,860,755	\$53,716,610,057

FAIR MARKET VALUE OF ASSETS

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan's funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. Below are the fair market values (FMVs) of the Plan's assets for each respective year.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
FMV of Plan Assets	\$ 10,409,440,502	\$ 12,309,907,060	\$ 13,168,043,720

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

C. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City is self-insured for medical coverage and workers compensation at December 31, 2020. The City purchases general and automobile liability insurance from the Cities and Villages Mutual Insurance Company. The City purchases commercial insurance for property and casualty claims. There have been no significant reductions in insurance coverage for any risk of loss in the past year and settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

Self Insurance

For health care claims, the City has purchased commercial insurance for claims in excess of \$250,000 per member incurred in the calendar year. Settled claims have not exceeded the commercial coverage in any of the past three years.

For workers compensation claims, the uninsured risk of loss is \$350,000 per incident for a policy year. The City has purchased commercial insurance for claims in excess of those amounts. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the City participate in the risk management program. Amounts payable to the general fund are based on actuarial estimates of the amounts necessary to pay prior and current year claims.

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. Liabilities include an amount for claims that have been incurred but not reported.

Claims Liability

	<u>Current</u>	<u>Prior Year</u>
Unpaid claims – Beginning of Year	\$ 1,881,644	\$ 1,684,926
Current year claims and changes in estimates	9,498,157	15,824,203
Claim payments	<u>(10,443,984)</u>	<u>(15,627,485)</u>
Unpaid Claims – End of Year	<u>\$ 935,817</u>	<u>\$ 1,881,644</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

C. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

Wisconsin Municipal Insurance Commission (WMIC) Cities and Villages Mutual Insurance Company (CVMIC)

The WMIC is an intergovernmental cooperation commission created by contract under Section 66.30 of the Wisconsin Statutes. It was created in August, 1987 for the purpose of facilitating the organization, establishment and capitalization of the CVMIC, and has numerous cities and villages as members.

The CVMIC is a municipal mutual insurance company established on September 14, 1987 under Section 611.23 of the Wisconsin Statutes. The CVMIC provides liability insurance coverage to the cities and villages which make up the membership of the WMIC.

The CVMIC is self-insured up to a maximum of \$2,000,000 of each insurance risk. Losses paid by CVMIC plus administrative expenses will be recovered through premiums to the participating pool of municipalities.

Member equity ownership attributable to the WMIC bonds (\$25 million) is based on the amount of the bond the member delivered in proportion to the bonds delivered by all members. The City's percentage participation in WMIC and CVMIC at December 31, 2020 was 11.85% or \$2,962,500. This amount has been recorded as a deposit in CVMIC in the City's general fund.

Management of each organization consists of a board of directors or officers comprised of representatives elected by each of three classes of participants based on population. The City does not exercise any control over the activities of the agencies beyond the election of the officers and board.

Financial statements of WMIC and CVMIC are available from: Cities and Village Mutual Insurance Company, 1250 South Sunnyslope Road, Suite 105, Brookfield, WI 53005.

The City pays an annual premium to the mutual for its general liability insurance, which provides coverage up to \$10,000,000 per occurrence, less the City's retained liability. The City's retained liability is limited to \$225,000 per occurrence and an annual aggregate limit of \$750,000. An actuarially determined estimate has been recorded for this liability, as well as for claims incurred but not reported at December 31, 2020. A total liability of \$895,151 at December 31, 2020 was recorded as claims payable in the governmental activities column of government-wide statement of Net Position. Changes in the fund's claims loss liability follow:

	Beginning Balance	Incurred Claims	Claims Paid/ Settled	Ending Balance
2020	\$ 1,162,704	1,044,125	1,311,678	\$ 895,151
2019	1,129,093	1,477,253	1,443,642	1,162,704

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

C. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Transit Mutual Insurance Corporation of Wisconsin (TMI)

The Transit Mutual Insurance Corporation of Wisconsin is a joint venture of Wisconsin municipalities which have joined together for the managing and funding of the first party property losses and third party liability claims of its member municipalities mass transit funds.

In 2020, TMI issued a Motor Vehicle Insurance Policy to its members with the following available coverages:

Liability	\$0 per person, \$10,000,000 per accident, 0 deductible
Uninsured Motorists	\$ 25,000 per person, \$50,000 per accident, 0 deductible
Physical damage	Collision and Comprehensive – “Agreed value, or Cost of Repairs, whichever is less, minus \$ 500 flat deductible per accident for all private passenger & service units, \$1,000 flat deductible per accident for all bus units

TMI retains \$500,000 per occurrence (accident) of the liability limits and cedes \$9,500,000 to General Reinsurance Corporation. TMI retains \$500,000 per occurrence (accident) of the physical damage limits and cedes the balance up to \$9,500,000 to General Reinsurance Corp.

Management consists of a board of directors comprised of one representative for each member. The municipality does not exercise any control over the activities of the agency beyond its representation on the board of directors.

Initial contributions are determined in advance of each membership year. The board of directors may require that supplemental contributions be made by members to ensure adequate funds are available to meet the obligations applicable to the membership year. Members have a contractual obligation to fund any deficit attributable to a membership year during which they were a member. The City's share of this joint venture is 9.51% for auto liability and 20.21% for physical damage liability. A list of the other members is in the TMI report, which can be obtained directly from TMIC's offices.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

D. COMMITMENTS AND CONTINGENCIES

Claims and judgments are 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 City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the City Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position.

The City 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.

The City borrowed for the purpose of making various capital improvements. These monies as well as other revenue sources are reflected in the capital projects funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The balance of contract amounts plus open purchase orders is \$10,288,067.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS

HEALTH INSURANCE

The City provides post-employment health care and life benefits to retired employees and their dependents. The benefits can vary, depending upon the age and years of service of the retiree. Depending on the union contract, the City pays 100% of the health care costs for employees who retire with a combination of age and years of service between 75 and 80 years. The City also pays 100% of the Medicare premiums for those individuals. Life insurance premiums are paid to age 65 for those individuals who retire prior to age 65 and qualify as defined above. Required contributions range from 0%-10% based on labor negotiations and retirement date.

The City of Racine administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides health insurance benefits for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established through collective bargaining agreements, personnel policy guidelines, or past practice and state that eligible retirees and their spouses receive lifetime healthcare insurance at established contribution rates. The Retiree Health Plan does not issue a publicly available financial report

Contribution requirements are established through collective bargaining agreements and may be amended only through negotiations between the City and the union. The City makes the same monthly health insurance contribution on behalf of the retiree as it makes on behalf of all other active employees during that year. The amount of the City's contribution ranges from 92.5-100% based on the employee's year of retirement and bargaining unit. For fiscal year 2020, the City contributed \$13,009,048 to the plan. Eligible plan member contributions vary based on the specific collective bargaining agreement. Plan member contributions range from 0-10% of their premium costs. For fiscal year 2020, total retiree member contributions were \$854,117.

Plan Description and Benefits Provided

The City's total OPEB liability of \$278,264,532 was measured as of December 31, 2019.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs. Where consistent with the terms of the plan, actuarial assumptions have utilized the assumptions for the Wisconsin Retirement System (WRS) as provided in the December 31, 2019 Actuarial Valuation reports.

Interest Discount Rate-2.74% for 2019 and 2.12% for 2020
Mortality-Based on the Wisconsin 2018 Mortality Table
Employee Turnover/Withdrawal
Annual Medical Trends
Salary Adjustment Factors

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the years 2019-2020. This information was rolled forward to determine the valuation as of December 31, 2020.

Changes in the Total Health OPEB liability

	Governmental Activities	Business Type Activities	Total
Balance at December 31, 2019	\$270,701,217	\$39,993,429	\$310,694,646
Changes for the year:			
Service Cost	4,561,773	698,995	5,260,768
Interest	10,942,731	1,747,436	12,690,167
Differences between expected and actual experience	(6,146,214)	(1,588,592)	(7,734,806)
Changes in assumption or other input	(25,520,780)	(4,116,413)	(29,637,193)
Benefit payments	(10,936,751)	(2,072,297)	(13,009,048)
Net changes	(27,099,241)	(5,330,871)	(32,430,112)
Balance at December 31, 2020	<u>\$243,601,976</u>	<u>\$34,662,558</u>	<u>\$278,264,534</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a different discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	<u>1% Decrease to Discount Rate (3.10%)</u>	<u>Current Discount Rate (4.10%)</u>	<u>1% Increase to Discount Rate (5.10%)</u>
Total OPEB Liability	<u>\$ 321,804,178</u>	<u>\$ 278,264,534</u>	<u>\$ 243,143,503</u>

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that a 1-percentage-point lower (3.10%) 1-percentage-point higher (5.10%) than the current healthcare cost trend rates:

	<u>1% Decrease (3.10%)</u>	<u>Current Trend Rate (4.10%)</u>	<u>1% Increase (5.10%)</u>
Total OPEB Liability	<u>\$ 251,784,532</u>	<u>\$ 278,264,534</u>	<u>\$ 318,974,360</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized OPEB-Health expense of \$24,737,791.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources

	Deferred Outflows of Resources	Deferred Inflow of Resources
<u>Governmental Activities</u>		
Differences between actual and expected experience	\$ -	\$ 6,061,777
Changes in assumptions or inputs	(2,187,690)	34,037,504
Employer contributions subsequent to the measurement date	<u>10,936,751</u>	<u>-</u>
	<u>8,749,061</u>	<u>40,099,281</u>
<u>Business Type Activities</u>		
Differences between actual and expected experience	-	5,927,644
Changes in assumptions or inputs	685,324	1,644,633
Employer contributions subsequent to the measurement date	<u>2,072,297</u>	<u>-</u>
	<u>2,757,621</u>	<u>7,572,277</u>
 Total	 <u>\$ 11,506,682</u>	 <u>\$ 47,671,558</u>

The \$13,009,048 reported as deferred outflows relating to employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflow (inflow) of Resources (net)</u>
2021	\$ (12,267,113)
2022	(14,627,781)
2023	(10,295,280)
2024	(11,701,144)
2025	(190,859)
Thereafter	(91,747)

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF)

Plan description. The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

ETF issues a standalone Comprehensive Annual Financial Report, which can be found at <http://etf.wi.gov/publications/cafr.htm>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at: <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>

Vesting. For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

Benefits provided. The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions. The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of are:

Coverage Type	Employer Contribution
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the plan year are as listed below:

Life Insurance Member Contribution Rates For the Plan Year	
<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30-34	0.06
34-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$19,863 in contributions from the employer.

OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At December 31, 2020 the City reported a liability of \$4,174,253 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018 rolled forward to December 31, 2019. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The City's proportion of the net OPEB liability was based on the City's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2019, the City's proportion was .98002870%, which was an increase of .02629470% from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the City recognized OPEB-Life expense of \$350,419.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 187,000
Changes in assumptions	1,539,901	459,136
Net differences between projected and actual earnings	78,741	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	178,091	-
Employer contributions subsequent to the measurement date	19,863	-
Total	<u>\$ 1,816,596</u>	<u>\$ 646,136</u>

\$19,863 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows and Deferred Inflows (net)</u>
2021	\$ 200,366
2022	200,366
2023	191,877
2024	183,131
2025	150,935
Thereafter	223,922

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)

Actuarial assumptions. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2019
Measurement Date of Net OPEB Liability	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.74%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.87%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The Total OPEB liability for December 31, 2019 is based upon a roll-forward of the liability calculated from the January 1, 2019 actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A-Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2019

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	45	2.12
U.S. Long Credit Bonds	Barclays Long Credit	5	2.9
U.S. Mortgages	Barclays MBS	50	1.53
Inflation			2.2
Long-Term Expected Rate of Return			4.25

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF) (cont.)

Single discount rate. A single discount rate of 2.87% was used to measure the total OPEB liability. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient.

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 2.87%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.87%) or 1-percentage-point higher (3.87%) than the current rate:

	1% Decrease to Discount Rate (1.87%)	Current Discount Rate (2.87%)	1% Increase to Discount Rate (3.87%)
Proportionate share of the net OPEB liability	<u>\$5,763,944</u>	<u>\$4,174,253</u>	<u>\$2,964,808</u>

F. ECONOMIC DEPENDENCY

One major customer accounted for 12.8% of Water Utility gross sales aggregating \$2,741,628 and 14.0% of gross sales aggregating \$2,965,698 in 2020 and 2019, respectively.

Two major customers accounted for 26.6% and 19.6% of Wastewater Utility gross sales aggregating \$5,943,999 in 2020.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

G. INTERMUNICIPAL SANITARY SEWER SERVICE AGREEMENT

The Wastewater Utility entered into an intergovernmental sanitary sewer service agreement with the surrounding local municipalities. The agreement was reached to provide for an equitable allocation of the cost of the expansion of the existing sewer service facilities, which were necessary to continue providing high quality, reliable sewer service, and allow for future growth needs. The agreement allocates treatment capacity to each of the participating municipalities based on their future estimated usage. In return for such treatment capacity allocations each participating municipality is required to pay the Wastewater Utility its proportionate share of the capital cost of improvements.

The municipalities agreed to participate in loans from the Clean Water Fund to pay for their share of the capital costs. As such, the agreement calls for each municipality to timely pay to the Wastewater Utility its proportionate share of debt and any related debt service costs on a payment schedule approved by the Wastewater Utility. The principal of debt due from each municipality was recorded as receivable and unearned revenue upon completion of the expansion project.

Interest payments under the agreement are recorded as revenue when earned. Principal payments are recorded as reductions of the account receivable – capacity rights account. The unearned revenue will be recognized as revenue on a straight-line basis over the term of the agreement. The capacity revenue recognized was \$1,551,057 and \$1,147,993 for the years ended December 31, 2020 and 2019 respectively.

The agreement also calls for revenue sharing payments to be made between participating municipalities based on current year's municipal budgets and the prior year's municipal populations and equalized valuations. The agreement requires the Wastewater Utility to collect revenue sharing payments from the contributing municipalities and distribute them to recipient municipalities.

The agreement also requires the Wastewater Utility to make payments from its reserve accounts to the City of Racine, Wisconsin, with respect to the Racine Public Library, Racine Zoo, and the Charles A. Wustum Museum of Fine Arts which were determined to be regional cultural services and facilities which benefit the outlying parties. These payments in the amount of \$1,057,788 and \$911,048 for 2020 and 2019, respectively, are reported as transfers to other funds in the statement of revenues, expenses and changes in net position.

H. INTERGOVERNMENTAL RETAIL WATER SERVICE AGREEMENT

The Racine Water Utility entered into an intergovernmental retail water service agreement with the Village of Mount Pleasant and the Village of Sturtevant. The agreement was reached to provide an equitable allocation of the cost expansion of existing and future water service facilities, which are necessary to continue providing high quality reliable water service, and allow for future growth needs. Projects designed to serve future growth funded through the water rates, contract connection charges and contract front foot charges for new mains installed in the City and Villages that will directly and substantially serve future growth and development. Costs to remedy existing deficiencies in the water system may be recovered through the water sales. In 2013 the Water Utility entered into an intergovernmental wholesale water service agreement with the Village of Caledonia. The Village of Caledonia opted to prepay its residents portion of these charges in two installments, one in 2013 and one in 2014.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

H. INTERGOVERNMENTAL RETAIL WATER SERVICE AGREEMENT (cont.)

The residential equivalent connection (REC) fees are deposited in an interest bearing segregated account and are restricted to pay future growth costs. REC fees are recorded as revenue when received. The Utility recognized \$298,802 of REC fee revenue in 2020.

In 2018, the Water Utility amended the intergovernmental agreement with the Village of Mount Pleasant. As part of the amendment, the Water Utility facilitates engineering and construction costs for Village development projects. Amounts paid by the Utility for such projects are billed to the Village, and the Village reimburses the Utility. The Village maintains ownership of those assets during construction. As December 31, 2019 the Utility reporting an outstanding receivable from the Village in due from other governments on the statement of net position of \$3,895,157.

The amendment also establishes minimum required annual revenues that are required to finance project related debt service payments. In the event that the designated annual revenues are below the established thresholds, the Village of Mount Pleasant is required to remit the designated shortfall to the Utility. These payments are recoverable in the event annual revenues exceed established thresholds. During the year ended December 31, 2020 the Water Utility received \$591,043 of shortfall payments from the Village which are included in the due to other governments on the statement of net position.

The amendment also decreased annual REC fees for all classes of customers and guarantees cash flows sufficient to meet existing debt service requirements for related debt. In the event annual collections of REC fees are less than agreed upon amounts, payments will be made to the Utility. These payments are recoverable in the event future receipts exceed debt service requirements. At December 31, 2020, the Water Utility held \$513,036 of REC fees, which are included in due to other governments on the statement of net position.

I. INFILTRATION/INFLOW REMOVAL AGREEMENT

In 1994, the Wastewater Utility entered into an agreement with the City of Racine to periodically replace the manholes and upgrade other structures to promote infiltration/inflow removal in the City of Racine. As part of the agreement, the Utility paid the construction cost for the manhole replacement and upgrades and was allowed to place a special charge on the bills of the City residents to recover its costs. At December 31, 2020, the Wastewater Utility had excess collections of \$2,795,148 which was reported as due to the City of Racine.

J. MUNICIPAL REVENUE OBLIGATIONS

In 2006, the City issued a municipal revenue obligation as part of a development agreement. The amount of the obligation is \$1,888,000, and is payable to the developer solely from tax increments collected from a specific development in Tax Incremental District No.13.

The obligation has no established repayment terms. The obligation bears interest at 6.5% and matures on October 1, 2030. In no case, shall the term of this obligation and the City's obligation to make payments, extend beyond the statutory expiration of Tax Incremental District No.13, nor shall the amount of principal to be paid under the obligation exceed \$1,888,000.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2020

NOTE V – OTHER INFORMATION (cont.)

J. MUNICIPAL REVENUE OBLIGATIONS (cont.)

The obligation does not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the City. Since the amount of future payments is contingent on the collection of future tax increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at year end is \$1,068,324.

K. SUBSEQUENT EVENT

The federal government passed the American Rescue Plan Act on March 11, 2021 to respond to the COVID-19 public health emergency and its negative economic impacts. Amounts were appropriated for fiscal year 2021 to units of local government to mitigate the fiscal effects stemming from the public health emergency. The City of Racine's estimated award is \$46,246,465, which will be used to combat the negative effects of the public health emergency in the local economy. The City of Racine received 50% of the funds in June of 2021, with the remaining expected a year later. The funds are to cover costs incurred by December 31, 2024.

L. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The GASB has approved the following:

- > Statement No. 87, *Leases*
- > Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- > Statement No. 91, *Conduit Debt Obligation*
- > Statement No 92, *Omnibus 2020*
- > Statement No. 93, *Replacement of Interbank Offered Rates*
- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- > Statement No. 96, *Subscription-Based Information Technology Arrangements*
- > Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

When they become effective, application of these standards may restate portions of these financial statements.

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87 which was postponed by one and a half years.

CITY OF RACINE
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Total OPEB Health Insurance Liability and Related Ratios
Last 10 Fiscal Years*

For the year ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Governmental Activities</u>			
Service Cost	\$ 4,561,773	\$ 5,774,719	\$ 5,190,182
Interest on total OPEB Liability	10,942,731	9,900,105	10,340,209
Effect of Economic/Demographic (Gains) or Losses	(6,146,214)	(1,500,584)	(1,680,025)
Effect of Assumption Changes or Inputs	(25,520,780)	(26,677,205)	14,443,077
Benefit Payments	<u>(10,936,751)</u>	<u>(8,736,005)</u>	<u>(8,670,045)</u>
Net Change in Total OPEB Liability	<u>(27,099,241)</u>	<u>(21,238,970)</u>	<u>19,623,398</u>
 Total OPEB-Health Liability Beginning	 <u>270,701,217</u>	 <u>291,940,187</u>	 <u>272,316,789</u>
 Total OPEB-Health Liability Ending	 <u><u>\$ 243,601,976</u></u>	 <u><u>\$ 270,701,217</u></u>	 <u><u>\$ 291,940,187</u></u>
 Covered Employee Payroll	 \$ 45,398,488	 \$ 43,503,529	 \$ 41,932,280
 Total OPEB Liability as a Percentage of Covered Payroll	 536.59%	 622.25%	 696.22%
 <u>Business Type Activities</u>			
Service Cost	\$ 698,995	\$ 1,013,250	\$ 785,602
Interest on total OPEB Liability	1,747,436	1,693,562	1,525,236
Effect of Economic/Demographic (Gains) or Losses	(1,588,592)	(34,569)	(742)
Effect of Assumption Changes or Inputs	(4,116,413)	(4,428,078)	2,051,148
Benefit Payments	<u>(2,072,297)</u>	<u>(1,742,986)</u>	<u>(1,529,452)</u>
Net Change in Total OPEB Liability	<u>(5,330,871)</u>	<u>(3,498,821)</u>	<u>2,831,792</u>
 Total OPEB-Health Liability Beginning	 <u>39,993,429</u>	 <u>43,492,249</u>	 <u>40,660,457</u>
 Total OPEB-Health Liability Ending	 <u><u>\$ 34,662,558</u></u>	 <u><u>\$ 39,993,428</u></u>	 <u><u>\$ 43,492,249</u></u>
 Covered Employee Payroll	 \$ 8,265,132	 \$ 8,787,027	 \$ 7,951,687
 Total OPEB Liability as a Percentage of Covered Payroll	 419.38%	 455.14%	 546.96%

*This schedule is presented to illustrate the requirements to show information for 10 years. However, recalculations of prior year are not required and if prior years are not reported in accordance with the current GASB standards, they should not be reported

CITY OF RACINE
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Total OPEB Health Insurance Liability and Related Ratios
Last 10 Fiscal Years*

For the year ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Schedule of Employer's Proportionate Share of the Net OPEB Liability (Asset)			
Employer's proportion of the net OPEB liability (asset)	0.98002870%	0.95373400%	0.92586300%
Employer's proportionate share of the net OPEB liability (asset)	\$ 4,174,253	\$ 2,460,957	\$ 2,785,534
Employer's covered-employee payroll	50,786,000	48,425,000	38,935,188
Employer's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	8.22%	5.08%	7.15%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.58%	48.69%	44.81%
 Schedule of Employer Contributions (Fiscal Year Basis)			
Contractually required contributions	19,863	19,387	18,335
Contributions in relation to the contractually required contributions	(19,863)	(19,387)	(18,335)
Contribution deficiency (excess)	-	-	-
Employer's covered-employee payroll	57,250,278	54,654,395	52,350,961
Contributions as a percentage of covered-employee payroll	0.03%	0.04%	0.04%

*This schedule is presented to illustrate the requirements to show information for 10 years. However, recalculations of prior year are not required and if prior years are not reported in accordance with the current GASB standards, they should not be reported

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

CITY OF RACINE
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Total OPEB Health Insurance Liability and Related Ratios
Last 10 Fiscal Years*

For the year ended December 31, 2020

	2020	2019	2018	2017	2016	2015
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)						
Employer's proportion of the net pension liability (asset)	0.48246164%	0.47161079%	0.46066710%	0.45749449%	0.46004473%	0.47355171%
Employer's proportionate share of the net pension liability (asset)	\$ (15,556,765)	\$ 16,778,433	\$ (13,677,753)	\$ 3,770,847	\$ 7,475,638	\$ (11,628,527)
Employer's covered-employee payroll	54,654,395	52,350,961	49,607,263	49,260,898	48,506,039	49,050,285
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	28.46%	32.05%	27.57%	7.65%	15.41%	23.71%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%
Schedule of Employer Contributions (Fiscal Year Basis)						
Contractually required contributions	5,794,215	5,503,715	5,434,187	5,219,080	4,588,001	4,704,517
Contributions in relation to the contractually required contributions	(5,794,215)	(5,503,715)	(5,434,187)	(5,219,080)	(4,588,001)	(4,704,517)
Contribution deficiency (excess)	-	-	-	-	-	-
Employer's covered-employee payroll	57,250,278	54,654,395	52,350,961	49,607,263	49,260,898	48,506,039
Contributions as a percentage of covered-employee payroll	10.12%	10.07%	10.38%	10.52%	9.31%	9.70%

*This schedule is presented to illustrate the requirements to show information for 10 years. However, recalculations of prior year are not required and if prior years are not reported in accordance with the current GASB standards, they should not be reported

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

CITY OF RACINE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2020

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

Supplemental schedules are required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

Changes of benefit terms-OPEB Health. There were no changes of benefit terms

Changes of benefit terms-OPEB LRLIF. There were no changes of benefit terms for any participating employer in LRLIF.

Changes of benefit terms-WRS Pension. There were no changes of benefit terms for any participating employer in WRS.

*Changes of assumptions-*Actuarial assumptions are based upon an experience study conducted in 2019 using experience from 2017 – 2019. Based on the experience study conducted in 2019, actuarial assumptions used to develop the net pension and net OPEB Liability changed, including the discount rate, wage inflation rate, and mortality and separation rates.

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING BALANCE SHEET
As of December 31, 2020

	Special Revenue Funds				
	HUD Grants	State Grants	Other Agency Grants	Federal Grants	Loans
ASSETS					
Cash and investments	\$ 111,865	\$ 5,352	\$ 976,670	\$ 544,401	\$ 2,078,507
Receivables					
Property taxes	-	-	-	-	-
Special assessment - tax roll	-	-	-	-	-
Special assessment	-	-	-	-	-
Accrued interest	-	-	-	-	272,284
Accounts	-	-	8,557	-	-
Loans and notes (net)	14,228	-	-	206,084	4,585,385
Prepaid expenses	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	419,339	1,488,678	-	417,290	-
Assets held for resale	-	-	-	-	-
Advances to component unit	-	-	-	-	-
Advances to other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 545,432</u>	<u>\$ 1,494,030</u>	<u>\$ 985,227</u>	<u>\$ 1,167,775</u>	<u>\$ 6,936,176</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 179,799	\$ 218,793	\$ 12,000	\$ 58,975	\$ 35,910
Accrued liabilities	-	500	-	-	90,098
Due to other funds	254,400	1,236,977	-	376,532	5,136
Due to other governments	2,259	-	-	2,403	14,371
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>436,458</u>	<u>1,456,270</u>	<u>12,000</u>	<u>437,910</u>	<u>145,515</u>
Deferred Inflows of Resources					
Unavailable revenues	14,228	-	-	206,084	4,585,385
Unearned revenues	-	36,782	973,227	-	246,458
Unearned property tax revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>14,228</u>	<u>36,782</u>	<u>973,227</u>	<u>206,084</u>	<u>4,831,843</u>
Fund Balances (Deficits)					
Nonspendable	-	-	-	-	-
Restricted	94,746	978	-	523,781	1,958,818
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances (Deficits)	<u>94,746</u>	<u>978</u>	<u>-</u>	<u>523,781</u>	<u>1,958,818</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES (DEFICITS)	<u>\$ 545,432</u>	<u>\$ 1,494,030</u>	<u>\$ 985,227</u>	<u>\$ 1,167,775</u>	<u>\$ 6,936,176</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING BALANCE SHEET
As of December 31, 2020

Special Revenue Funds							
Special Assessments	Restricted	Trusts	Library	Recycling	Municipal Court	Cemetery	Private Property Maintenance
\$ 1,713,086	\$ 1,205,925	\$ 4,021,528	\$ 392,087	\$ -	\$ -	\$ 449,334	\$ 561,220
-	28,339	-	2,254,816	1,777,887	188,015	201,571	-
471,988	-	-	-	-	-	-	-
1,676,841	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	191,669
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	140,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,861,915</u>	<u>\$ 1,374,264</u>	<u>\$ 4,021,528</u>	<u>\$ 2,646,903</u>	<u>\$ 1,777,887</u>	<u>\$ 188,015</u>	<u>\$ 650,905</u>	<u>\$ 752,889</u>
\$ 4,758	\$ 21,309	\$ -	\$ 7,767	\$ 86,719	\$ 46,405	\$ 33,096	\$ 35,658
100,968	25,142	-	41,057	10,407	2,779	3,011	-
-	-	6,615	-	349,154	31,950	-	-
-	-	-	-	-	-	-	6,090
-	-	-	-	-	-	-	-
<u>105,726</u>	<u>46,451</u>	<u>6,615</u>	<u>48,824</u>	<u>446,280</u>	<u>81,134</u>	<u>36,107</u>	<u>41,748</u>
1,676,841	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
471,988	28,339	-	2,254,816	1,777,887	188,015	201,571	-
<u>2,148,829</u>	<u>28,339</u>	<u>-</u>	<u>2,254,816</u>	<u>1,777,887</u>	<u>188,015</u>	<u>201,571</u>	<u>-</u>
-	-	-	-	-	-	-	-
1,607,360	774,872	4,014,913	343,263	-	-	-	-
-	395,516	-	-	-	-	413,227	711,141
-	129,086	-	-	-	-	-	-
-	-	-	-	(446,280)	(81,134)	-	-
<u>1,607,360</u>	<u>1,299,474</u>	<u>4,014,913</u>	<u>343,263</u>	<u>(446,280)</u>	<u>(81,134)</u>	<u>413,227</u>	<u>711,141</u>
<u>\$ 3,861,915</u>	<u>\$ 1,374,264</u>	<u>\$ 4,021,528</u>	<u>\$ 2,646,903</u>	<u>\$ 1,777,887</u>	<u>\$ 188,015</u>	<u>\$ 650,905</u>	<u>\$ 752,889</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING BALANCE SHEET
As of December 31, 2020

	Special Revenue Funds				
	Sanitary Sewer Maintenance	Health Lab	Room Tax	City Projects	Capital Grants
ASSETS					
Cash and investments	\$ 13,332	\$ 76,217	\$ 53,451	\$ 125,063	\$ -
Receivables					
Property taxes	2,201,925	235,290	-	-	-
Special assessment - tax roll	-	-	-	-	-
Special assessment	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accounts	-	-	125,306	11,070	-
Loans and notes	-	-	-	-	-
Prepaid expenses	-	-	2,600	-	-
Due from other funds	-	-	-	3,305,130	-
Due from other governments	-	-	-	520,091	15,548
Assets held for resale	-	-	-	-	-
Advances to component unit	-	-	-	120,000	-
Advances to other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 2,215,257</u>	<u>\$ 311,507</u>	<u>\$ 181,357</u>	<u>\$ 4,081,354</u>	<u>\$ 15,548</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 229,241	\$ 281	\$ 20,795	\$ 135,936	\$ 4,347
Accrued liabilities	2,357	4,693	-	1,917	-
Due to other funds	-	-	-	785,622	11,201
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>231,598</u>	<u>4,974</u>	<u>20,795</u>	<u>923,475</u>	<u>15,548</u>
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	303,191	-
Unearned revenues	-	-	-	-	-
Unearned property tax revenue	<u>2,201,925</u>	<u>235,290</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>2,201,925</u>	<u>235,290</u>	<u>-</u>	<u>303,191</u>	<u>-</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	71,243	160,562	2,854,688	-
Assigned	-	-	-	-	-
Unassigned	<u>(218,266)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>(218,266)</u>	<u>71,243</u>	<u>160,562</u>	<u>2,854,688</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	<u>\$ 2,215,257</u>	<u>\$ 311,507</u>	<u>\$ 181,357</u>	<u>\$ 4,081,354</u>	<u>\$ 15,548</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING BALANCE SHEET
As of December 31, 2020

Capital Projects Funds			Fund	Total
General		Intergovernmental		Nonmajor
Obligation	Equipment	Revenue	Endowment	Governmental
Bond Projects	Replacement	Sharing	Fund	Funds
\$ 8,653,638	\$ 1,417,431	\$ 4,699,394	\$ 2,734,038	\$ 29,832,539
-	-	-	-	6,887,843
-	-	-	-	471,988
-	-	-	-	1,676,841
-	-	-	-	272,284
1,200,000	-	-	-	1,536,602
-	-	-	-	4,805,697
394,181	-	-	-	396,781
-	-	-	-	3,305,130
-	-	-	-	2,860,946
-	-	-	-	-
-	-	220,832	-	480,832
-	-	8,079,863	-	8,079,863
<u>\$ 10,247,819</u>	<u>\$ 1,417,431</u>	<u>\$ 13,000,089</u>	<u>\$ 2,734,038</u>	<u>\$ 60,607,346</u>
\$ 3,178,761	\$ 167,068	\$ 176,660	\$ 53,819	\$ 4,708,097
6,569	-	-	-	289,498
-	-	-	12,502	3,070,089
-	-	-	-	25,123
-	-	-	-	-
<u>3,185,330</u>	<u>167,068</u>	<u>176,660</u>	<u>66,321</u>	<u>8,092,807</u>
-	-	-	-	6,785,729
-	-	-	-	1,256,467
-	-	-	-	7,359,831
-	-	-	-	<u>15,402,027</u>
-	-	-	-	-
-	-	12,823,429	2,667,717	24,809,877
7,062,489	1,250,363	-	-	12,919,229
-	-	-	-	129,086
-	-	-	-	(745,680)
<u>7,062,489</u>	<u>1,250,363</u>	<u>12,823,429</u>	<u>2,667,717</u>	<u>37,112,512</u>
<u>\$ 10,247,819</u>	<u>\$ 1,417,431</u>	<u>\$ 13,000,089</u>	<u>\$ 2,734,038</u>	<u>\$ 60,607,346</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2020

	Special Revenue Funds			
	HUD Grants	State Grants	Other Agency Grants	Federal Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Special charges and assessments	-	-	-	-
Intergovernmental	1,603,478	2,255,485	38,481	453,370
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	-	-	5,967	18,541
Miscellaneous	151,045	30,833	905,644	-
Total Revenues	<u>1,754,523</u>	<u>2,286,318</u>	<u>950,092</u>	<u>471,911</u>
EXPENDITURES				
Current				
General Government	-	137,660	760,305	-
Health	-	1,403,270	5,967	104,529
Public safety	-	281,535	-	40,823
Public works	-	473,498	-	-
Education and recreation	-	30,833	-	-
Community development	1,225,933	-	-	206,770
Debt Service - interest and fiscal charges	-	-	-	-
Capital outlay	383,530	-	183,820	120,974
Total Expenditures	<u>1,609,463</u>	<u>2,326,796</u>	<u>950,092</u>	<u>473,096</u>
Excess (deficiency) of revenues over expenditures	<u>145,060</u>	<u>(40,478)</u>	<u>-</u>	<u>(1,185)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Premium on long-term debt	-	-	-	-
Transfers in	-	40,478	-	-
Transfers out	(312,840)	-	-	-
Total Other Financing Sources (Uses)	<u>(312,840)</u>	<u>40,478</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(167,780)</u>	<u>-</u>	<u>-</u>	<u>(1,185)</u>
FUND BALANCES (DEFICITS) - Beginning of Year	<u>262,526</u>	<u>978</u>	<u>-</u>	<u>524,966</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 94,746</u>	<u>\$ 978</u>	<u>\$ -</u>	<u>\$ 523,781</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2020

Special Revenue Funds						
Loans	Special Assessments	Restricted	Trusts	Library	Recycling	Municipal Court
\$ -	\$ -	\$ -	\$ -	\$ 2,504,817	\$ -	\$ 156,405
-	1,157,664	-	-	-	-	-
-	-	102,902	-	1,644,993	314,445	-
-	-	-	-	-	-	-
-	-	37,162	-	-	-	150,011
434,164	-	132,482	-	7,589	1,710,831	-
24,692	137,779	82,858	575,496	47,238	19,499	2,282
<u>458,856</u>	<u>1,295,443</u>	<u>355,404</u>	<u>575,496</u>	<u>4,204,637</u>	<u>2,044,775</u>	<u>308,698</u>
-	-	-	-	-	-	-
-	-	19,848	-	-	-	-
-	-	105,861	-	-	-	382,426
-	-	5,704	-	-	1,982,138	-
-	-	90,955	505,295	3,995,599	-	-
1,003,145	-	23,504	-	-	-	-
-	-	-	-	-	-	-
-	-	69,785	-	39,819	-	-
<u>1,003,145</u>	<u>-</u>	<u>315,657</u>	<u>505,295</u>	<u>4,035,418</u>	<u>1,982,138</u>	<u>382,426</u>
<u>(544,289)</u>	<u>1,295,443</u>	<u>39,747</u>	<u>70,201</u>	<u>169,219</u>	<u>62,637</u>	<u>(73,728)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
136,197	-	20,000	-	-	-	-
(88,597)	(499,935)	-	-	-	-	-
<u>47,600</u>	<u>(499,935)</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(496,689)	795,508	59,747	70,201	169,219	62,637	(73,728)
<u>2,455,507</u>	<u>811,852</u>	<u>1,239,727</u>	<u>3,944,712</u>	<u>174,044</u>	<u>(508,917)</u>	<u>(7,406)</u>
<u>\$ 1,958,818</u>	<u>\$ 1,607,360</u>	<u>\$ 1,299,474</u>	<u>\$ 4,014,913</u>	<u>\$ 343,263</u>	<u>\$ (446,280)</u>	<u>\$ (81,134)</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2020

	Special Revenue Funds			
			Sanitary	
	Cemetery	Private Property Maintenance	Sewer Maintenance	Health Lab
REVENUES				
Taxes	\$ 233,166	\$ -	\$ -	\$ 406,810
Special charges and assessments	-	-	-	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	377,425	459,877	1,852,195	3,115
Miscellaneous	69,673	8,751	23,141	6,985
Total Revenues	<u>680,264</u>	<u>468,628</u>	<u>1,875,336</u>	<u>416,910</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Health	-	-	-	444,173
Public safety	-	-	-	-
Public works	-	-	987,877	-
Education and recreation	643,797	-	-	-
Community development	-	398,831	-	-
Debt Service - interest and fiscal charges	-	-	-	-
Capital outlay	-	-	924,649	-
Total Expenditures	<u>643,797</u>	<u>398,831</u>	<u>1,912,526</u>	<u>444,173</u>
Excess (deficiency) of revenues over expenditures	<u>36,467</u>	<u>69,797</u>	<u>(37,190)</u>	<u>(27,263)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Premium on long-term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>36,467</u>	<u>69,797</u>	<u>(37,190)</u>	<u>(27,263)</u>
FUND BALANCES - Beginning of Year	<u>376,760</u>	<u>641,344</u>	<u>(181,076)</u>	<u>98,506</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 413,227</u>	<u>\$ 711,141</u>	<u>\$ (218,266)</u>	<u>\$ 71,243</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2020

Room Tax	Capital Projects Funds				Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
	City Projects	Capital Grants	General Obligation Bond Projects	Equipment Replacement	Intergovernmental Revenue Sharing	Endowment Fund	
\$ 234,366	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,535,564
-	-	-	-	-	-	-	1,157,664
-	1,671,723	15,547	-	-	2,038,591	-	10,139,015
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	187,173
-	2,195,032	-	-	-	749,149	-	7,946,367
103,319	-	-	1,318,085	190,486	213,518	239,839	4,151,163
<u>337,685</u>	<u>3,866,755</u>	<u>15,547</u>	<u>1,318,085</u>	<u>190,486</u>	<u>3,001,258</u>	<u>239,839</u>	<u>27,116,946</u>
-	-	-	-	-	-	-	897,965
-	-	-	-	-	-	-	1,977,787
-	-	-	-	-	-	-	810,645
-	550,325	-	661,743	57,840	-	-	4,719,125
-	-	-	86,926	-	-	54,978	5,408,383
375,434	1,431,602	-	-	-	1,272,802	-	5,938,021
-	1,457,424	-	56,357	-	-	-	1,513,781
-	914,266	15,547	10,686,099	3,164,667	137,718	70,220	16,711,094
<u>375,434</u>	<u>4,353,617</u>	<u>15,547</u>	<u>11,491,125</u>	<u>3,222,507</u>	<u>1,410,520</u>	<u>125,198</u>	<u>37,976,801</u>
 (37,749)	 (486,862)	 -	 (10,173,040)	 (3,032,021)	 1,590,738	 114,641	 (10,859,855)
-	-	-	10,775,500	3,529,500	-	-	14,305,000
-	-	-	57,077	-	-	-	57,077
-	499,935	-	-	-	-	-	696,610
-	-	-	(1,265,248)	(515,250)	(20,000)	-	(2,701,870)
-	499,935	-	9,567,329	3,014,250	(20,000)	-	12,356,817
 (37,749)	 13,073	 -	 (605,711)	 (17,771)	 1,570,738	 114,641	 1,496,962
<u>198,311</u>	<u>2,841,615</u>	<u>-</u>	<u>7,668,200</u>	<u>1,268,134</u>	<u>11,252,691</u>	<u>2,553,076</u>	<u>35,615,550</u>
<u>\$ 160,562</u>	<u>\$ 2,854,688</u>	<u>\$ -</u>	<u>\$ 7,062,489</u>	<u>\$ 1,250,363</u>	<u>\$ 12,823,429</u>	<u>\$ 2,667,717</u>	<u>\$ 37,112,512</u>

CITY OF RACINE
Special Revenue Funds

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

For the Year Ended December 31, 2020

	Library			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 2,504,816	\$ 2,504,816	\$ 2,504,817	\$ 1
Intergovernmental	1,609,009	1,609,009	1,644,993	35,984
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	30,000	30,000	7,589	(22,411)
Miscellaneous	33,000	33,000	47,238	14,238
Total Revenues	<u>4,176,825</u>	<u>4,176,825</u>	<u>4,204,637</u>	<u>27,812</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Health	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Education and recreation	4,276,977	4,281,256	3,995,599	285,657
Community development	-	-	-	-
Capital outlay	18,900	18,900	39,819	(20,919)
Total Expenditures	<u>4,295,877</u>	<u>4,300,156</u>	<u>4,035,418</u>	<u>264,738</u>
Excess (deficiency) of revenues over expenditures	<u>(119,052)</u>	<u>(123,331)</u>	<u>169,219</u>	<u>292,550</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (119,052)</u>	<u>\$ (123,331)</u>	<u>169,219</u>	<u>\$ 292,550</u>
FUND BALANCES - Beginning of Year			<u>174,044</u>	
FUND BALANCES - END OF YEAR			<u>\$ 343,263</u>	

CITY OF RACINE
Special Revenue Funds

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

For the Year Ended December 31, 2020

Recycling				Municipal Court			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ 156,405	\$ 156,405	\$ 156,405	\$ -
314,722	314,722	314,445	(277)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	230,000	230,000	150,011	(79,989)
1,612,826	1,612,826	1,710,831	98,005	-	-	-	-
10,000	10,000	19,499	9,499	-	-	2,282	2,282
<u>1,937,548</u>	<u>1,937,548</u>	<u>2,044,775</u>	<u>107,227</u>	<u>386,405</u>	<u>386,405</u>	<u>308,698</u>	<u>(77,707)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	386,405	386,405	382,426	3,979
1,937,548	2,013,788	1,982,138	31,650	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,937,548</u>	<u>2,013,788</u>	<u>1,982,138</u>	<u>31,650</u>	<u>386,405</u>	<u>386,405</u>	<u>382,426</u>	<u>3,979</u>
-	(76,240)	62,637	138,877	-	-	(73,728)	(73,728)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ (76,240)</u>	62,637	<u>\$ 138,877</u>	<u>\$ -</u>	<u>\$ -</u>	(73,728)	<u>\$ (73,728)</u>
		(508,917)				(7,406)	
		<u>\$ (446,280)</u>				<u>\$ (81,134)</u>	

CITY OF RACINE
Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended December 31, 2020

	Cemetery			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 233,166	\$ 233,166	\$ 233,166	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	325,000	325,000	377,425	52,425
Miscellaneous	-	-	69,673	69,673
Total Revenues	<u>558,166</u>	<u>558,166</u>	<u>680,264</u>	<u>122,098</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Health	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Education and recreation	658,166	688,917	643,797	45,120
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>658,166</u>	<u>688,917</u>	<u>643,797</u>	<u>45,120</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000)</u>	<u>(130,751)</u>	<u>36,467</u>	<u>167,218</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (100,000)</u>	<u>\$ (130,751)</u>	<u>36,467</u>	<u>\$ 167,218</u>
FUND BALANCES - Beginning of Year			<u>376,760</u>	
FUND BALANCES - END OF YEAR			<u>\$ 413,227</u>	

CITY OF RACINE

Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended December 31, 2020

Private Property Maintenance				Sanitary Sewer Maintenance			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
225,000	225,000	459,877	234,877	1,847,749	1,847,749	1,852,195	4,446
-	-	8,751	8,751	-	-	23,141	23,141
<u>225,000</u>	<u>225,000</u>	<u>468,628</u>	<u>243,628</u>	<u>1,847,749</u>	<u>1,847,749</u>	<u>1,875,336</u>	<u>27,587</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	847,749	885,797	987,877	(102,080)
-	-	-	-	-	-	-	-
225,000	245,200	398,831	(153,631)	-	-	-	-
-	-	-	-	1,000,000	1,004,620	924,649	79,971
<u>225,000</u>	<u>245,200</u>	<u>398,831</u>	<u>(153,631)</u>	<u>1,847,749</u>	<u>1,890,417</u>	<u>1,912,526</u>	<u>(22,109)</u>
-	(20,200)	69,797	89,997	-	(42,668)	(37,190)	5,478
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ (20,200)</u>	<u>69,797</u>	<u>\$ 89,997</u>	<u>\$ -</u>	<u>\$ (42,668)</u>	<u>(37,190)</u>	<u>\$ 5,478</u>
		641,344				(181,076)	
		<u>\$ 711,141</u>				<u>\$ (218,266)</u>	

CITY OF RACINE
Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended December 31, 2020

	Health Lab			Room Tax
	Original and Final Budget	Actual	Variance with Final Budget	Original Budget
REVENUES				
Taxes	\$ 406,810	\$ 406,810	\$ -	\$ 358,000
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	11,000	3,115	(7,885)	-
Miscellaneous	-	6,985	6,985	22,500
Total Revenues	<u>417,810</u>	<u>416,910</u>	<u>(900)</u>	<u>380,500</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Health	467,810	444,173	23,637	-
Public safety	-	-	-	-
Public works	-	-	-	-
Education and recreation	-	-	-	-
Community development	-	-	-	412,500
Capital outlay	-	-	-	-
Total Expenditures	<u>467,810</u>	<u>444,173</u>	<u>23,637</u>	<u>412,500</u>
Excess (deficiency) of revenues over expenditures	<u>(50,000)</u>	<u>(27,263)</u>	<u>22,737</u>	<u>(32,000)</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (50,000)</u>	<u>(27,263)</u>	<u>\$ 22,737</u>	<u>\$ (32,000)</u>
FUND BALANCES - Beginning of Year		<u>98,506</u>		
FUND BALANCES - END OF YEAR		<u>\$ 71,243</u>		

CITY OF RACINE
Special Revenue Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

For the Year Ended December 31, 2020

Room Tax		
Final Budget	Actual	Variance with Final Budget
\$ 358,000	\$ 234,366	\$ (123,634)
-	-	-
-	-	-
-	-	-
-	-	-
22,500	103,319	80,819
<u>380,500</u>	<u>337,685</u>	<u>(42,815)</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
562,500	375,434	187,066
-	-	-
<u>562,500</u>	<u>375,434</u>	<u>187,066</u>
-	-	-
<u>(182,000)</u>	<u>(37,749)</u>	<u>144,251</u>
-	-	-
-	-	-
-	-	-
<u>\$ (182,000)</u>	<u>(37,749)</u>	<u>\$ 144,251</u>
	<u>198,311</u>	
	<u>\$ 160,562</u>	

CITY OF RACINE

Debt Service Fund

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL**

For the Year Ended December 31, 2020

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 16,211,230	\$ 16,211,230	\$ -
Intergovernmental	-	-	-
Miscellaneous	283,357	239,547	(43,810)
Total Revenues	16,494,587	16,450,777	(43,810)
EXPENDITURES			
Debt service			
Principal	14,200,000	31,140,000	(16,940,000)
Interest and fiscal charges	3,431,550	3,831,410	(399,860)
Total Expenditures	17,631,550	34,971,410	(17,339,860)
Deficiency of revenues over expenditures	(1,136,963)	(18,520,633)	(17,383,670)
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	24,280,000	24,280,000
Premium on long-term debt issued	-	795,323	795,323
Payment to escrow agent	-	(7,729,865)	(7,729,865)
Transfers in	1,136,963	1,126,688	(10,275)
Total Other Financing Sources (Uses)	1,136,963	18,472,146	17,335,183
Net Change in Fund Balances	<u>\$ -</u>	<u>(48,487)</u>	<u>\$ (48,487)</u>
FUND BALANCES - Beginning of Year		401,050	
FUND BALANCES - END OF YEAR		<u>\$ 352,563</u>	

CITY OF RACINE
Capital Project Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2020

	General Obligation Bond Projects			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	1,318,085	1,318,085
Total Revenues	-	-	1,318,085	1,318,085
EXPENDITURES				
Current				
General administration	-	-	-	-
Public safety	-	-	-	-
Public works	744,564	744,564	661,743	82,821
Education and recreation	81,800	81,800	86,926	(5,126)
Community development	-	-	-	-
Debt Service - interest and fiscal charges	-	-	56,357	(56,357)
Capital outlay	8,046,000	14,994,373	10,686,099	4,308,274
Total Expenditures	8,872,364	15,820,737	11,491,125	4,329,612
Excess (deficiency) of revenues over expenditures	(8,872,364)	(15,820,737)	(10,173,040)	5,647,697
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	10,773,364	10,773,364	10,775,500	2,136
Premium on long-term debt	-	-	57,077	57,077
Transfers in	-	-	-	-
Transfers out	(1,901,000)	(2,521,343)	(1,265,248)	1,256,095
Total Other Financing Sources (Uses)	8,872,364	8,252,021	9,567,329	1,315,308
Net Change in Fund Balances	\$ -	\$ (7,568,716)	(605,711)	\$ 6,963,005
FUND BALANCES - Beginning of Year			7,668,200	
FUND BALANCES - END OF YEAR			<u>\$ 7,062,489</u>	

CITY OF RACINE
Capital Project Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2020

Equipment Replacement Fund				Intergovernmental Revenue Sharing			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,996,420	1,996,420	2,038,591	42,171
-	-	-	-	-	-	749,149	749,149
129,000	129,000	190,486	61,486	62,300	62,300	213,518	151,218
129,000	129,000	190,486	61,486	2,058,720	2,058,720	3,001,258	942,538
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	23,000	57,840	(34,840)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,471,712	3,823,061	1,272,802	2,550,259
-	-	-	-	-	-	-	-
3,114,250	4,250,790	3,164,667	1,086,123	600,000	737,718	137,718	600,000
3,114,250	4,273,790	3,222,507	1,051,283	4,071,712	4,560,779	1,410,520	3,150,259
(2,985,250)	(4,144,790)	(3,032,021)	1,112,769	(2,012,992)	(2,502,059)	1,590,738	4,092,797
3,400,500	3,400,500	3,529,500	129,000	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(415,250)	(515,250)	(515,250)	-	(222,500)	(222,500)	(20,000)	202,500
2,985,250	2,885,250	3,014,250	129,000	(222,500)	(222,500)	(20,000)	202,500
\$ -	\$ (1,259,540)	(17,771)	\$ 1,241,769	\$ (2,235,492)	\$ (2,724,559)	1,570,738	\$ 4,295,297
		1,268,134				11,252,691	
		<u>\$ 1,250,363</u>				<u>\$ 12,823,429</u>	

CITY OF RACINE
Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET POSITION
As of December 31, 2020

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Total
ASSETS					
Current Assets					
Cash and investments	\$ 174,455	\$ 5,250	\$ 355,843	\$ 753,149	\$ 1,288,697
Receivables					
Accounts	19,773	-	20,190	21,640	61,603
Taxes	9,210	-	296,000	-	305,210
Due from other funds	-	-	-	96	96
Inventories	-	-	9,626	-	9,626
Prepaid items	-	-	1,228	-	1,228
Total Current Assets	<u>203,438</u>	<u>5,250</u>	<u>682,887</u>	<u>774,885</u>	<u>1,666,460</u>
Noncurrent Assets					
Pension asset	57,253	-	-	31,686	88,939
Capital assets					
Land	1,014,105	1,432,654	140,421	15,000	2,602,180
Land and building improvements	18,021,785	3,178,439	9,212,625	189,159	30,602,008
Equipment, furniture and vehicles	781,326	-	462,250	12,913	1,256,489
Construction in progress	202,680	-	-	-	202,680
Less: accumulated depreciation	<u>(10,793,014)</u>	<u>(2,562,266)</u>	<u>(6,638,785)</u>	<u>(143,744)</u>	<u>(20,137,809)</u>
Total Capital Assets, Net	<u>9,226,882</u>	<u>2,048,827</u>	<u>3,176,511</u>	<u>73,328</u>	<u>14,525,548</u>
Total Assets	<u>\$ 9,487,573</u>	<u>\$ 2,054,077</u>	<u>\$ 3,859,398</u>	<u>\$ 879,899</u>	<u>\$ 16,280,947</u>
Deferred Outflows of Resources					
Deferred amounts relating to pension	\$ 132,573	\$ -	\$ -	\$ 72,908	\$ 205,481
Deferred amounts relating to OPEB	160,405	-	-	76,051	236,456
Deferred amounts relating to life insurance	<u>5,320</u>	<u>-</u>	<u>-</u>	<u>3,094</u>	<u>8,414</u>
Total Deferred Outflows of Resources	<u>\$ 298,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,053</u>	<u>\$ 450,351</u>

CITY OF RACINE
Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET POSITION
As of December 31, 2020

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Total
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 105,798	\$ -	\$ 27,966	\$ 73	\$ 133,837
Accrued liabilities	2,855	5,000	83,563	2,675	94,093
Due to other governments	-	-	-	-	-
Due to other funds	-	-	353,117	-	353,117
Total Current Liabilities	<u>108,653</u>	<u>5,000</u>	<u>464,646</u>	<u>2,748</u>	<u>581,047</u>
Noncurrent Liabilities					
Compensated absences	8,023	-	-	13,340	21,363
Net pension liability	-	-	-	-	-
Life insurance liability	12,273	-	-	7,105	19,378
OPEB obligation	<u>1,994,065</u>	<u>-</u>	<u>-</u>	<u>915,295</u>	<u>2,909,360</u>
Total Noncurrent Liabilities	<u>2,014,361</u>	<u>-</u>	<u>-</u>	<u>935,740</u>	<u>2,950,101</u>
Total Liabilities	<u>2,123,014</u>	<u>5,000</u>	<u>464,646</u>	<u>938,488</u>	<u>3,531,148</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts relating to pension	173,836	-	-	88,050	261,886
Deferred amounts relating to OPEB	324,415	-	-	173,354	497,769
Deferred amounts relating to life insurance	1,902	-	-	1,094	2,996
Unearned property tax revenue	<u>9,210</u>	<u>-</u>	<u>296,000</u>	<u>-</u>	<u>305,210</u>
Total Deferred Inflows of Resources	<u>509,363</u>	<u>-</u>	<u>296,000</u>	<u>262,498</u>	<u>1,067,861</u>
NET POSITION					
Net Investment in capital assets	9,226,882	2,048,827	3,176,511	73,328	14,525,548
Restricted for Pension Asset	57,253	-	-	31,686	88,939
Unrestricted (deficit)	<u>(2,130,641)</u>	<u>250</u>	<u>(77,759)</u>	<u>(274,048)</u>	<u>(2,482,198)</u>
TOTAL NET POSITION	<u>\$ 7,153,494</u>	<u>\$ 2,049,077</u>	<u>\$ 3,098,752</u>	<u>\$ (169,034)</u>	<u>\$ 12,132,289</u>

CITY OF RACINE
Nonmajor Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSTION
For the Year Ended December 31, 2020

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Total
OPERATING REVENUES					
Charges for services	\$ 553,894	\$ -	\$ 132,438	\$ 334,538	\$ 1,020,870
Other	-	-	-	-	-
Total Operating Revenues	<u>553,894</u>	<u>-</u>	<u>132,438</u>	<u>334,538</u>	<u>1,020,870</u>
OPERATING EXPENSES					
Public Works	895,202	-	-	-	895,202
Public Safety	-	-	-	272,906	272,906
Education and recreation	-	-	472,931	-	472,931
Depreciation	<u>536,042</u>	<u>67,855</u>	<u>347,739</u>	<u>7,743</u>	<u>959,379</u>
Total Operating Expenses	<u>1,431,244</u>	<u>67,855</u>	<u>820,670</u>	<u>280,649</u>	<u>2,600,418</u>
Operating Loss (Income)	<u>(877,350)</u>	<u>(67,855)</u>	<u>(688,232)</u>	<u>53,889</u>	<u>(1,579,548)</u>
NONOPERATING REVENUES					
Investment income	10,644	118	-	15,970	26,732
Other	-	-	-	-	-
Tax levy	<u>9,210</u>	<u>-</u>	<u>296,000</u>	<u>-</u>	<u>305,210</u>
Total Nonoperating Revenues	<u>19,854</u>	<u>118</u>	<u>296,000</u>	<u>15,970</u>	<u>331,942</u>
(Loss) Income Before Transfers	<u>(857,496)</u>	<u>(67,737)</u>	<u>(392,232)</u>	<u>69,859</u>	<u>(1,247,606)</u>
TRANSFERS IN	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(857,496)</u>	<u>(67,737)</u>	<u>(392,232)</u>	<u>69,859</u>	<u>(1,247,606)</u>
 TOTAL NET POSITION (DEFICIT), Beginning of Year	 <u>8,010,990</u>	 <u>2,116,814</u>	 <u>3,490,984</u>	 <u>(238,893)</u>	 <u>13,379,895</u>
 TOTAL NET POSITION (DEFICIT), END OF YEAR	 <u>\$ 7,153,494</u>	 <u>\$ 2,049,077</u>	 <u>\$ 3,098,752</u>	 <u>\$ (169,034)</u>	 <u>\$ 12,132,289</u>

CITY OF RACINE
Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 544,604	\$ -	\$ 149,582	\$ 354,005	\$ 1,048,191
Payments to suppliers	(421,512)	-	(509,913)	(39,730)	(971,155)
Payments to employees	(406,075)	-	-	(241,288)	(647,363)
Net Cash Flows From Operating Activities	(282,983)	-	(360,331)	72,987	(570,327)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies received-tax levy	9,210	-	296,000	-	305,210
Net Cash Flows From Noncapital Financing Activities	9,210	-	296,000	-	305,210
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Transfer from other funds for capital purposes	-	-	-	-	-
Capital donation	-	-	-	-	-
Acquisition and construction of capital assets	(202,680)	-	-	-	(202,680)
Net Cash Flows From Capital and Related Financing Activities	(202,680)	-	-	-	(202,680)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income	10,644	118	-	15,970	26,732
Net Cash Flows From Investing Activities	10,644	118	-	15,970	26,732
Change in Cash and Cash Equivalents	(465,809)	118	(64,331)	88,957	(441,065)
CASH AND CASH EQUIVALENTS - Beginning of Year	640,264	5,132	420,174	664,192	1,729,762
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 174,455</u>	<u>\$ 5,250</u>	<u>\$ 355,843</u>	<u>\$ 753,149</u>	<u>\$ 1,288,697</u>

CITY OF RACINE
Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES					
Operating (loss) income provided	\$ (877,350)	\$ (67,855)	\$ (688,232)	\$ 53,889	\$ (1,579,548)
Adjustments to Reconcile Operating Income (Loss) to net cash flows from operating activities:					
Depreciation	536,042	67,855	347,740	7,743	959,380
Changes in assets, deferred outflows, liabilities, and deferred inflows					
Accounts receivable	(9,289)	-	17,144	19,563	27,418
Inventories	-	-	6,250	-	6,250
Prepaid items	-	-	5,412	-	5,412
Due from other funds	-	-	-	(96)	(96)
Pension activity	-	-	-	-	-
Accounts payable	85,143	-	(20,806)	12	64,349
Accrued liabilities	(18,316)	-	(26,740)	(3,384)	(48,440)
Deferred Outflows/Inflow activity	787	-	-	(4,740)	(3,953)
Due to other funds	-	-	(1,099)	-	(1,099)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (282,983)</u>	<u>\$ -</u>	<u>\$ (360,331)</u>	<u>\$ 72,987</u>	<u>\$ (570,327)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
None		-			

CITY OF RACINE

Internal Service Funds

COMBINING STATEMENT OF NET POSITION

As of December 31, 2020

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
ASSETS						
Current Assets						
Cash and investments	\$ 211,694	\$ -	\$ 69,513	\$ 9,104,655	\$ 234,728	\$ 9,620,590
Receivables						
Accounts	9,660	524,581	1,686	166,532	3,540	705,999
Inventories	449,872	-	-	-	-	449,872
Prepaid expenditures	-	-	-	-	-	-
Due from other funds	9,421	-	-	9,156	5,586	24,163
Total Current Assets	<u>680,647</u>	<u>524,581</u>	<u>71,199</u>	<u>9,280,343</u>	<u>243,854</u>	<u>10,800,624</u>
Noncurrent Assets						
Pension asset	246,852	130,470	151,228	-	-	528,550
Capital assets						
Land	32,879	-	-	-	-	32,879
Intangible assets	-	1,952,996	-	-	-	1,952,996
Buildings and land improvements	1,954,301	-	-	-	-	1,954,301
Equipment, furniture and vehicles	497,368	2,327,848	261,429	-	262,509	3,349,154
Less: Accumulated depreciation and amortization	<u>(1,799,336)</u>	<u>(2,415,241)</u>	<u>(238,785)</u>	<u>-</u>	<u>(261,534)</u>	<u>(4,714,896)</u>
	685,212	1,865,603	22,644	-	975	2,574,434
Construction in progress	-	-	-	-	-	-
Total Capital Assets (net of accumulated depreciation/amortization)	<u>685,212</u>	<u>1,865,603</u>	<u>22,644</u>	<u>-</u>	<u>975</u>	<u>2,574,434</u>
Total Assets	<u>\$ 1,612,711</u>	<u>\$ 2,520,654</u>	<u>\$ 245,071</u>	<u>\$ 9,280,343</u>	<u>\$ 244,829</u>	<u>\$ 13,903,608</u>
Deferred Outflows of Resources						
Deferred amounts relating to pension	\$ 578,684	\$ 279,360	\$ 357,249	\$ -	\$ -	\$ 1,215,293
Deferred amounts relating to life insurance	25,242	12,344	15,884	-	-	53,470
Total Deferred Outflows of Resources	<u>\$ 603,926</u>	<u>\$ 291,704</u>	<u>\$ 373,133</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,268,763</u>

CITY OF RACINE

Internal Service Funds

COMBINING STATEMENT OF NET POSITION

As of December 31, 2020

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 66,795	\$ 616,140	\$ 132,456	\$ 357,995	\$ 119,798	\$ 1,293,184
Accrued liabilities	25,074	9,745	14,661	702,266	-	751,746
Due to other funds	-	587,871	8,159	-	-	596,030
Total Current Liabilities	<u>91,869</u>	<u>1,213,756</u>	<u>155,276</u>	<u>1,060,261</u>	<u>119,798</u>	<u>2,640,960</u>
Noncurrent Liabilities						
Life insurance liability	58,134	28,421	36,603	-	-	123,158
Compensated absences	61,769	10,597	51,273	-	-	123,639
Total Noncurrent Liabilities	<u>119,903</u>	<u>39,018</u>	<u>87,876</u>	<u>-</u>	<u>-</u>	<u>246,797</u>
Total Liabilities	<u>211,772</u>	<u>1,252,774</u>	<u>243,152</u>	<u>1,060,261</u>	<u>119,798</u>	<u>2,887,757</u>
Deferred Inflows of Resources						
Deferred amounts relating to pension	670,231	375,938	434,578	-	-	1,480,747
Deferred amounts relating to life insurance	8,979	4,367	5,635	-	-	18,981
Total Deferred Outflows of Resources	<u>679,210</u>	<u>380,305</u>	<u>440,213</u>	<u>-</u>	<u>-</u>	<u>1,499,728</u>
NET POSITION						
Net investment in capital assets	685,212	1,865,603	22,644	-	975	2,574,434
Restricted for pension	246,852	130,470	151,228	-	-	528,550
Unrestricted (Deficit)	393,591	(816,794)	(239,033)	8,220,082	124,056	7,681,902
TOTAL NET POSITION	<u>\$ 1,325,655</u>	<u>\$ 1,179,279</u>	<u>\$ (65,161)</u>	<u>\$ 8,220,082</u>	<u>\$ 125,031</u>	<u>\$ 10,784,886</u>

CITY OF RACINE

Internal Service Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the year ended December 31, 2020

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
OPERATING REVENUES						
Charges for services and sales						
Labor, fuel, parts and equipment charges	\$ 3,515,793	\$ -	\$ -	\$ -	\$ -	\$ 3,515,793
Health insurance premiums	-	-	-	20,826,765	-	20,826,765
Telephone service sales	-	-	-	-	116,437	116,437
Computer service sales	-	2,208,917	-	-	-	2,208,917
Facilities rent	-	-	2,876,594	-	-	2,876,594
Other	-	27,786	-	-	-	27,786
Total Operating Revenues	<u>3,515,793</u>	<u>2,236,703</u>	<u>2,876,594</u>	<u>20,826,765</u>	<u>116,437</u>	<u>29,572,292</u>
OPERATING EXPENSES						
Public Works						
Operating supplies and expenses	3,691,759	-	2,940,806	-	-	6,632,565
General administration						
Telephone expenses	-	-	-	-	201,326	201,326
Health insurance	-	-	-	16,281,067	-	16,281,067
Information systems	-	3,153,514	-	-	-	3,153,514
Depreciation and amortization	88,430	284,546	17,941	-	1,950	392,867
Total Operating Expenses	<u>3,780,189</u>	<u>3,438,060</u>	<u>2,958,747</u>	<u>16,281,067</u>	<u>203,276</u>	<u>26,661,339</u>
Operating (Loss) Income Before Transfers	(264,396)	(1,201,357)	(82,153)	4,545,698	(86,839)	2,910,953
TRANSFER IN	<u>-</u>	<u>1,430,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,430,049</u>
Change in Net Position	(264,396)	228,692	(82,153)	4,545,698	(86,839)	4,341,002
TOTAL NET POSITION, Beginning of Year	<u>1,590,051</u>	<u>950,587</u>	<u>16,992</u>	<u>3,674,384</u>	<u>211,870</u>	<u>6,443,884</u>
TOTAL NET POSITION (DEFICIT) - END OF YEAR	<u>\$ 1,325,655</u>	<u>\$ 1,179,279</u>	<u>\$ (65,161)</u>	<u>\$ 8,220,082</u>	<u>\$ 125,031</u>	<u>\$ 10,784,886</u>

CITY OF RACINE
Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,530,272	\$ 1,712,122	\$ 2,892,400	\$ 21,332,398	\$ 107,311	\$ 29,574,503
Payments to suppliers	(1,706,486)	(999,599)	(1,774,379)	(15,871,122)	(81,606)	(20,433,192)
Payments to employees	(1,962,368)	(989,636)	(1,189,765)	(1,158,847)	-	(5,300,616)
Net Cash Flows From Operating Activities	<u>(138,582)</u>	<u>(277,113)</u>	<u>(71,744)</u>	<u>4,302,429</u>	<u>25,705</u>	<u>3,840,695</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Transfer from other funds for capital purposes	-	1,430,049	-	-	-	1,430,049
Acquisition and construction of capital assets	-	(1,152,936)	-	-	-	(1,152,936)
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>277,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,113</u>
Change in Cash and Cash Equivalents	(138,582)	-	(71,744)	4,302,429	25,705	4,117,808
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>350,276</u>	<u>-</u>	<u>141,257</u>	<u>4,802,226</u>	<u>209,023</u>	<u>5,502,782</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 211,694</u>	<u>\$ -</u>	<u>\$ 69,513</u>	<u>\$ 9,104,655</u>	<u>\$ 234,728</u>	<u>\$ 9,620,590</u>

CITY OF RACINE
Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED FLOWS FROM OPERATING ACTIVITIES:						
Operating (Loss) Income	\$ (264,396)	\$ (1,201,357)	\$ (82,153)	\$ 4,545,698	\$ (86,839)	\$ 2,910,953
Adjustments to Reconcile Operating (Loss) Income to Net Cash Flows From Operating Activities						
Other post employment benefits	-	-	-	-	-	-
Depreciation/Amortization expense	88,430	284,546	17,941	-	1,950	392,867
Changes in assets, deferred outflows, liabilities, and deferred inflows						
Accounts receivable	11,647	(524,581)	551	514,789	(3,540)	(1,134)
Inventories and prepaids	(18,533)	-	-	189,133	-	170,600
Due from other funds	2,833	-	15,255	(9,156)	(5,586)	3,346
Pension benefits	-	-	-	-	-	-
Changes in deferred outflows/inflows	22,451	22,969	8,443	-	-	53,863
Accounts payable	49,096	602,955	337	(143,113)	119,720	628,995
Accrued liabilities	(30,110)	(26,916)	(18,439)	(794,922)	-	(870,387)
Due to other funds	-	565,271	(13,679)	-	-	551,592
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>\$ (138,582)</u>	<u>\$ (277,113)</u>	<u>\$ (71,744)</u>	<u>\$ 4,302,429</u>	<u>\$ 25,705</u>	<u>\$ 3,840,695</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
None						

CITY OF RACINE

Component Unit

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	<u>Redevelopment Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 169,907
Payments to suppliers	<u>(650,917)</u>
Net Cash Flows From Operating Activities	<u>(481,010)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
ACTIVITIES	
Investment Income	<u>17,448</u>
Net Cash Flows From Capital and Related Investing Activities	<u>17,448</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING	
ACTIVITIES	
Proceeds from sale of assets	-
Operating subsidies received-City	<u>420,000</u>
Net Cash Flows From Noncapital and Related Financing Activities	<u>420,000</u>
Change in Cash and Cash Equivalents	(43,562)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>881,022</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 837,460</u>

CITY OF RACINE

Component Unit

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2020

	<u>Redevelopment Authority</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED FLOWS FROM OPERATING ACTIVITIES:	
Operating Loss	\$ (450,676)
Adjustments to Reconcile Operating Loss to Net Cash	
Changes in assets and liabilities	
Accounts receivable	-
Customer deposits	-
Due to City	-
Accounts payable	(30,334)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>\$ (481,010)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None	