

# **CITY OF RACINE**

Racine, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2021

# CITY OF RACINE

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## **Independent Auditors' Report**

To the City Council of  
City of Racine

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report 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 as of December 31, 2021 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.

We did not audit the financial statements of Racine Water and Waste Water Utilities, both major enterprise funds of the City, which represent 83 percent, 78 percent and 69 percent, respectively of the assets, net position and revenues of the business-type activities or the Downtown Racine Business Improvement District, a discretely presented component unit. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for Racine Water and Waste Water Utilities, both major enterprise funds of the City, or the Downtown Racine Business Improvement District, a discretely presented component unit, are based solely on the reports of the other auditors.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Racine Water and Waste Water Utilities and the Downtown Racine Business Improvement District were not audited in accordance with *Government Auditing Standards*.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### **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 is the responsibility of management and, 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.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 have also issued our report dated July 27, 2022 on our consideration of the City'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'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's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Milwaukee, Wisconsin  
July 27, 2022

**CITY OF RACINE**  
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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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, 2021.

**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 \$218,198,977 (net position).
- The City's total net position increased by \$74,094,974.
- As of the close of the current fiscal year, the City of Racine's governmental funds reported combined ending fund balances of \$96,971,391, an increase of \$14,311,693, in comparison with the prior year. Approximately 21.92% of this amount, \$21,256,121, 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 \$21,282,877 or 25% of total general fund expenditures.
- Total long-term obligations increased by approximately \$41.6 million for the fiscal year ended December 31, 2021. Long term obligation activity during the year included the following:
  - \$15.205 million note anticipation notes issued for capital project purposes.
  - \$9.5 million Board of Commissioners loan issued for development purposes.
  - \$14.550 million of general obligation refunding bonds issued to current refund the \$15.205 million note anticipation note.
  - Principal paid on general obligation outstanding debt was \$32.755 million
  - Water Utility issued \$24 million of mortgage revenue bonds for capital investments
  - Wastewater Utility issued \$762,000 of Clean Water Fund loans for capital investments
  - Principal paid on revenue obligations outstanding was \$15.8 million
  - Net OPEB obligation increased by approximately \$25.6 million
  - Net life insurance liability increased by \$1.3 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)

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**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)

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#### **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, Debt Service Fund and Tax Incremental Districts, 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)

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**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 34-106 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 111-139 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, 2021 and 2020 City's assets exceeded liabilities by \$218,198,977 and \$144,104,003, 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 \$397,215,618 and \$366,070,677 at December 31, 2021 and 2020.

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 \$91,977,464 and \$67,215,384 and unrestricted net position was \$(270,994,105) and \$(289,182,058) as of December 31, 2021 and 2020 respectively.

The City's governmental activities had a deficit unrestricted net position of \$(225,545,216) and \$(244,081,496) as of December 31, 2021 and 2020 respectively. The deficit is primarily the result of the City's OPEB obligation.

The City's total healthcare OPEB obligation was \$302,053,778 and \$278,264,534 as of December 31, 2021 and 2020 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, 2021 and 2020. Amounts are expressed in thousands.

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
Current and other assets	\$ 248,062	\$ 190,270	\$ 84,219	\$ 67,636	\$ 332,281	\$ 257,906
Capital assets	201,789	205,044	345,111	321,064	546,900	526,108
Total assets	<u>449,851</u>	<u>395,314</u>	<u>429,330</u>	<u>388,700</u>	<u>879,181</u>	<u>784,014</u>
Deferred outflows of resources	<u>78,035</u>	<u>44,181</u>	<u>11,805</u>	<u>7,610</u>	<u>89,840</u>	<u>51,791</u>
Current and other liabilities	25,166	12,876	10,610	8,867	35,776	21,743
Liabilities payable from restricted assets	-	-	14,633	14,771	14,633	14,771
Long-term liabilities	<u>378,974</u>	<u>350,850</u>	<u>154,361</u>	<u>142,068</u>	<u>533,335</u>	<u>492,918</u>
Total liabilities	<u>404,140</u>	<u>363,726</u>	<u>179,604</u>	<u>165,706</u>	<u>583,744</u>	<u>529,432</u>
Deferred inflows of resources	<u>153,457</u>	<u>147,303</u>	<u>13,621</u>	<u>14,967</u>	<u>167,078</u>	<u>162,270</u>
Net position:						
Net Investment in capital assets	117,131	117,077	283,829	252,705	397,216	366,071
Restricted	78,703	55,470	13,275	11,745	91,978	67,214
Unrestricted	<u>(225,545)</u>	<u>(244,081)</u>	<u>(49,194)</u>	<u>(48,813)</u>	<u>(270,995)</u>	<u>(289,182)</u>
Total net position	<u>\$ (29,711)</u>	<u>\$ (71,534)</u>	<u>\$ 247,910</u>	<u>\$ 215,637</u>	<u>\$ 218,199</u>	<u>\$ 144,103</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, 2021 and 2020. Amounts are expressed in thousands.

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>		
<b>Revenues</b>						
Charges for services	\$ 20,446	\$ 18,019	\$ 44,847	\$ 42,374	\$ 65,293	\$ 60,393
Operating grants and contributions	26,263	14,492	8,653	8,578	34,916	23,070
Capital grants and contributions	337	399	30,722	38,206	31,059	38,605
Taxes	59,712	54,881	1,087	1,785	60,799	56,666
Intergovernmental revenues not restricted to specific programs	33,292	32,592	-	-	33,292	32,592
Investment income	(687)	1,728	45	236	(642)	1,964
Other	2,021	1,726	11	19	2,032	1,745
Total revenues	<u>141,384</u>	<u>123,837</u>	<u>85,365</u>	<u>91,198</u>	<u>226,749</u>	<u>215,035</u>
<b>Expenses</b>						
General government	12,416	13,098	-	-	12,416	13,098
Community development	14,215	12,801	-	-	14,215	12,801
Health	4,781	4,332	-	-	4,781	4,332
Education and recreation	12,977	14,718	-	-	12,977	14,718
Public works	23,561	23,912	-	-	23,561	23,912
Public safety	32,461	49,167	-	-	32,461	49,167
Interest and fiscal charges	3,937	5,127	-	-	3,937	5,127
Water	-	-	17,307	17,246	17,307	17,246
Wastewater	-	-	12,115	13,633	12,115	13,633
Storm Water	-	-	5,626	5,667	5,626	5,667
Belle urban system	-	-	10,674	10,626	10,674	10,626
Other	-	-	2,583	2,600	2,583	2,600
Total expenses	<u>104,348</u>	<u>123,155</u>	<u>48,305</u>	<u>49,772</u>	<u>152,653</u>	<u>172,927</u>
Increase (decrease) in net position before transfers	37,036	682	37,060	41,426	74,096	42,108
Transfers	4,787	4,307	(4,787)	(4,307)	-	-
Increase (decrease) in net position	41,823	4,989	32,273	37,119	74,096	42,108
Net position-beginning 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>
Net position-end of year	<u>\$ (29,711)</u>	<u>\$ (71,534)</u>	<u>\$ 247,910</u>	<u>\$ 215,637</u>	<u>\$ 218,199</u>	<u>\$ 144,103</u>

# CITY OF RACINE

Racine, Wisconsin

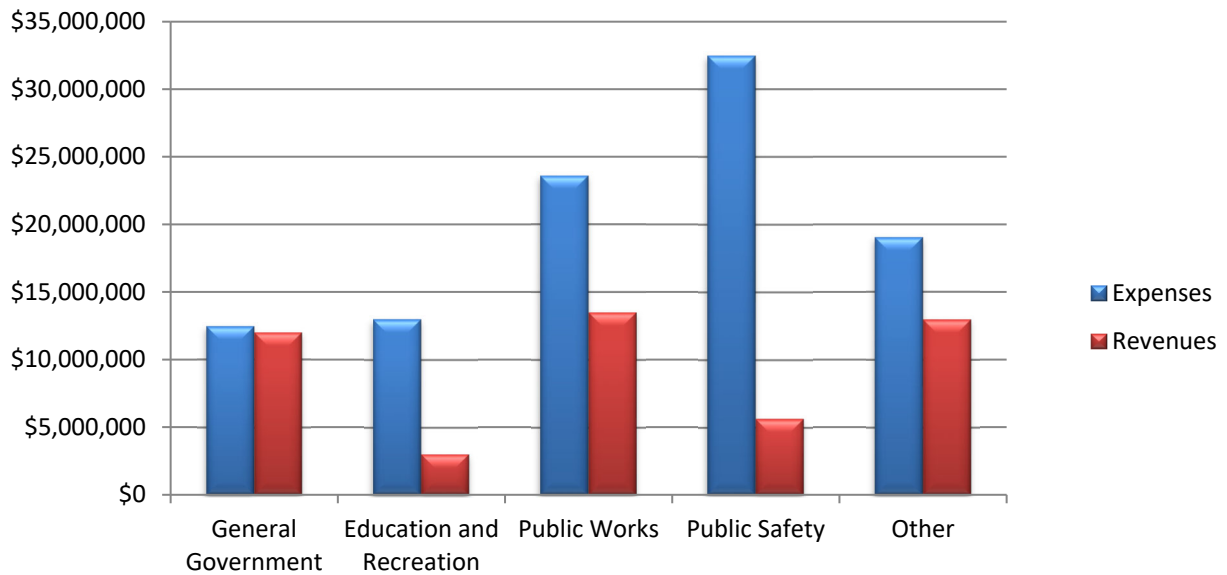
## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Unaudited)

### Governmental Activities

The net position in the governmental activities increased by approximately \$42 million during the fiscal year, primarily relating to the infusion of over \$23 million of American Rescue Plan funds.

#### *Expenses and Program Revenues-Governmental Activities:*



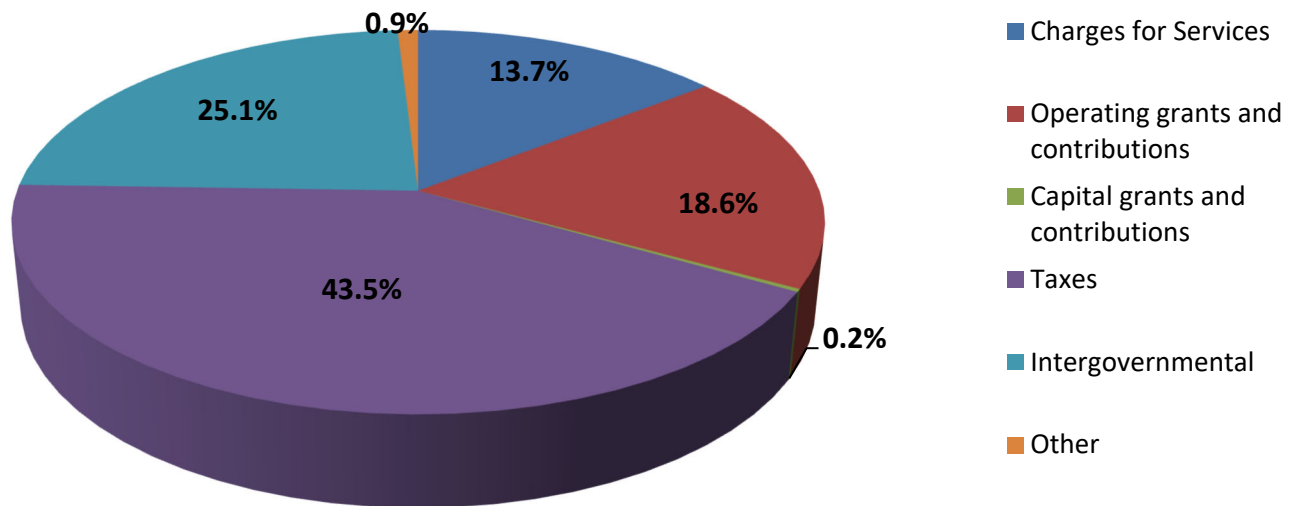
**CITY OF RACINE**  
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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**Governmental Activities** (cont.)

*Program and General Revenues by Source – Governmental Activities:*



**Business-type activities**

Business-type activities net position increased by \$32.3 million during the fiscal year 2021. Key elements of this increase are as follows:

- The Water utility had an increase in net position of \$22.5 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 \$1.7 million.
- The Belle Urban Transit system had an \$8.6 million increase in net position due to capital contributions from the State and Federal government for the electrician of our Transit fleet.
- The Storm Water Utility had a slight increase in net position.
- The Other Enterprise Funds of the City had a decrease of \$1,294,580 which relates primarily to continued lost revenue from the COVID 19 pandemic in the Parking System and Civic Center.

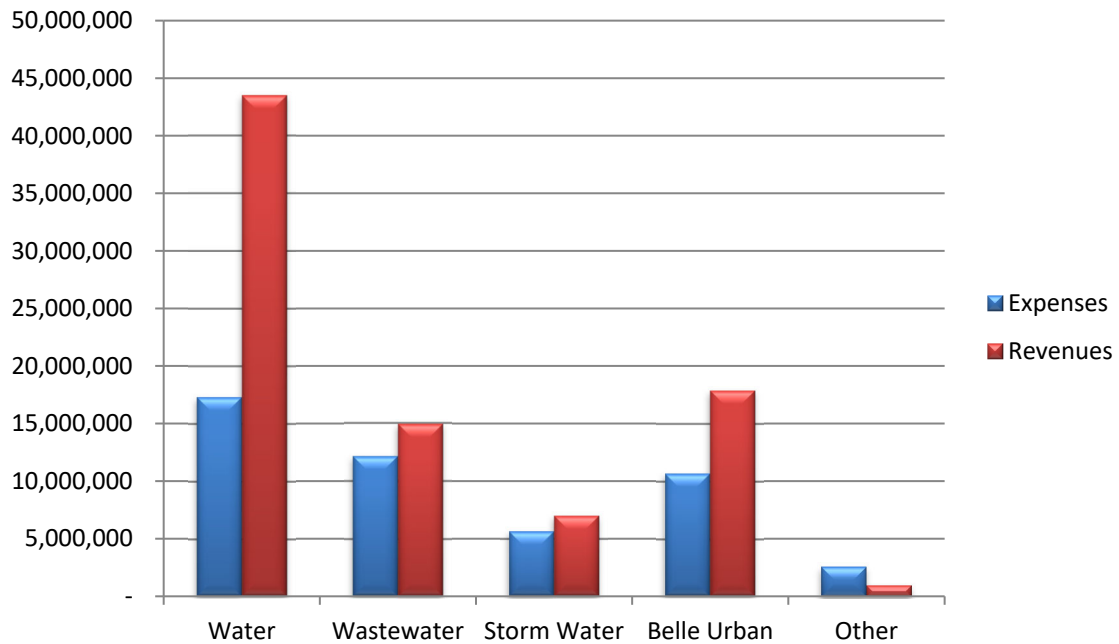
# CITY OF RACINE

Racine, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### Business-type activities (cont.)

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



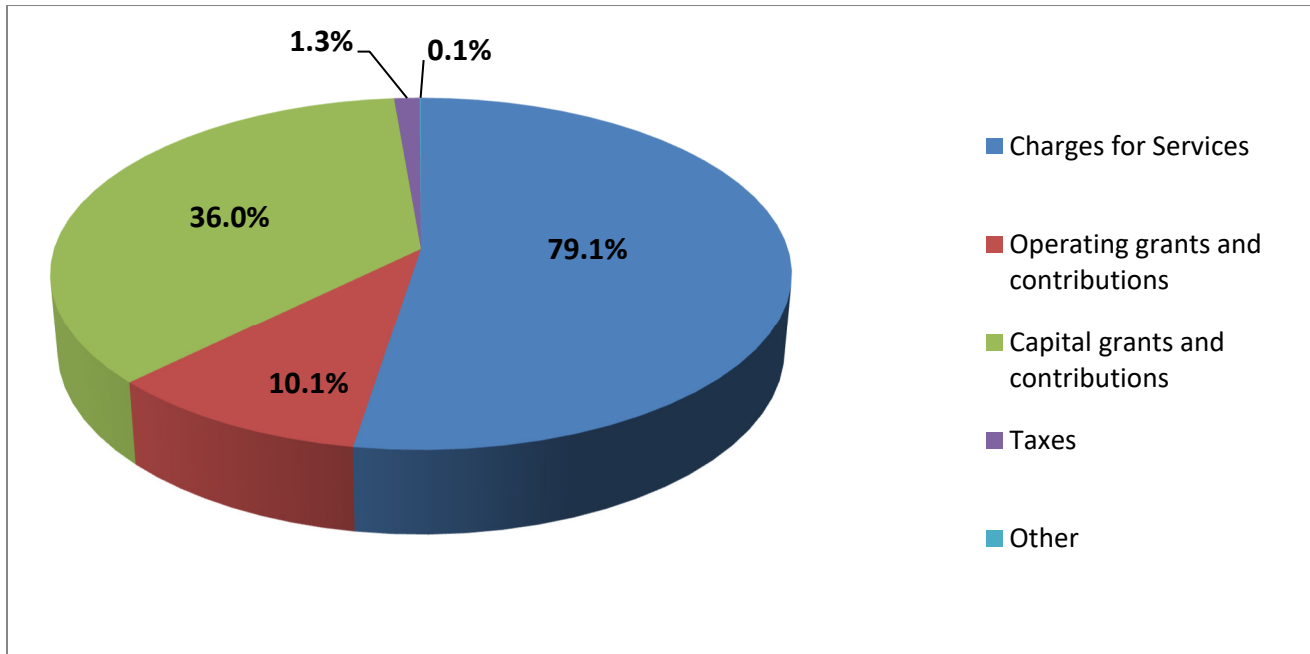
**CITY OF RACINE**  
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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**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 \$96,971,391. Approximately 21.92% of this amount, \$21,256,121, 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 \$21,282,877, while total fund balance totaled \$46,412,788. Unassigned fund balance represents 25.00% of total general fund expenditures, while total fund balance represents 57.28% 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 and budget stabilization. Assigned fund balance in the general fund was \$17,488,629 at December 31, 2021 of which \$4,256,575 was assigned for wage and benefit provision and \$13,232,054 was assigned for budget stabilization.



**CITY OF RACINE**  
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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

Although the general fund was budgeted to use \$1,523,915 of fund balances during 2021, the general fund added just over \$10.3 million to fund balance for the year ended December 31, 2021. The resulting \$11.8 million positive variance is primarily the result of the influx of federal rescue plan funds allocated for lost revenues from the subsequent year. In addition, the general fund, saw all expenditures categories under budget primarily due to an excess of vacant positions. Positive revenue experience was the result of additional intergovernmental revenues and an increase in charges for services and building permits.

In addition to the general fund, another major government fund of the City is the ARPA special revenue fund. This fund accounts for federal funding received under the American Rescue Plan Act. This fund had zero fund balance as of year-end as all funding received is recorded as unearned revenue until spent.

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, 2021 and 2020 of \$353,849 and \$352,563, 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 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, 2021 and 2020 of \$4,603,843 and \$9,100,579, all of which is restricted for development within the districts. The decrease in fund balance in the Tax Incremental District fund is due to a significant increase in development activity in the City of Racine including the Horlick Historic District and the Hotel Verdant, each of which received significant City support through Tax Increment District Financing.

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 \$45,600,911 and \$37,112,512 in 2021 and 2020, respectively. The fund balances of these funds increased by almost \$8.5 million, during 2021. This was due primarily to intergovernmental proceeds into the intergovernmental revenue sharing fund and bond proceeds that will be spent in future years.

**CITY OF RACINE**  
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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**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 2021 and 2020 amounted to \$(9,416,782) and \$(11,845,451), for the Wastewater utility \$(35,033,828) and \$(31,070,160), for the Storm water utility \$(1,235,329) and \$(1,723,111), for the Belle urban system \$(613,041) and \$(1,688,692), and for the other enterprise funds \$(2,894,597) and \$(2,482,196). The total change in net position for the Water Utility for 2021 and 2020 was \$22,468,413 and \$34,980,954, the Wastewater Utility \$1,708,779 and \$2,131,055, the Storm water Utility \$809,892 and \$848,455, for the Belle urban system \$8,580,006 and \$406,724, and for the Other Enterprise funds \$(1,294,580) and \$(1,247,606) 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, 2021 and 2020 amounted to \$397,215,618 and \$366,070,677 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, 2021 and 2020, capital assets, net of accumulated depreciation totaled \$546,899,931 and \$526,107,253, respectively. Capital assets, net of accumulated depreciation increased approximately \$20 million in 2021 and approximately \$46 million in 2020, largely due to infrastructure additions in the Water Utility.

*Long-term debt* – At the end of 2021 and 2020, the City of Racine had total general obligation and revenue bond debt outstanding of \$178,889,380 and \$163,427,438. Of this amount, the debt backed by the full faith and credit of the government is \$100,435,000 and \$93,935,000 in 2021 and 2020, 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 \$15 million in 2021.

	<u>Outstanding debt</u>	
	<u>2021</u>	<u>2020</u>
Governmental Activities:		
General obligation bonds and notes	\$ 100,435,000	\$ 93,935,000
Business-Type Activities:		
Revenue bonds	<u>78,454,380</u>	<u>69,492,438</u>
Total	<u>\$ 178,889,380</u>	<u>\$ 163,427,438</u>

**CITY OF RACINE**  
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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**Economic Conditions and 2021 and 2021 Budget Outlook**

During 2021 the COVID-19 pandemic continued to plague the City of Racine. 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 2022 with position vacancies in our Police and Public Health Departments, but we are beginning to see improvements in tourism, community engagement, and private investment in our community. While grants funds have been made available to the City for expenses and lost revenue associated with COVID-19, the City continues to struggle with revenue shortfalls in parking fines, municipal fines, transit fares, and various other places.

Strong fiscal planning 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. 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 100% of the funds as June of 2022. The funds have been thoughtfully allocated through Common Council resolution to be used for various program including home ownership and neighborhood revitalization, budget stabilization, workforce opportunities, community resiliency and expansion of healthcare opportunities. The funds are to cover costs incurred by December 31, 2024.

The City of Racine's assessed value is on the rise. The assessed value rose slightly for the 2021 tax roll but is expected to increase over 6% for the 2022 tax roll. The City has seen significant private investment in our community over the last three years and is anticipating significant private investment continuing in the near future which will continue to increase the overall assessed value of the City.

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 City and County. The City continues to see significant interest in Racine from the development community and anticipates several more new developments in fall of 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 instituted a very conservative approach to the use of fund balance to support the budget each year. Savings from prior year's budgets are assigned to a budget stabilization fund to be used strategically over the next several years. The City say significant savings in both the general fund and health care fund as result of the pandemic in both 2020 and 2021. Those savings have been assigned to budget stabilization and a portion was used to stabilize the 2022 budget. The City used slightly over \$4 million of general fund, debt service fund, internal service and other operational fund balances to fund operations in the 2022 budget, however, the City has over \$14 million of fund balance set aside for future years budget stabilization. The 2022 City tax rate was \$14.72 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](http://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, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Business Improvement District	Redevelopment Authority
<b>ASSETS</b>					
Cash and investments	\$ 97,171,211	\$ 22,974,097	\$ 120,145,308	\$ 86,239	\$ 745,357
Receivables, net of allowance for uncollectible accounts	94,246,226	8,398,907	102,645,133	201,732	-
Internal balances	14,627,529	(14,627,529)	-	-	-
Due from other governments	6,461,382	15,252,366	21,713,748	-	-
Inventories	1,085,418	963,634	2,049,052	-	-
Prepaid items	1,106,873	863	1,107,736	-	-
Advances to component unit	2,286,585	-	2,286,585	-	-
Restricted assets					
Cash and investments	-	31,964,551	31,964,551	-	-
Plant capacity receivable, current portion	-	4,087,619	4,087,619	-	-
Plant capacity receivable, long term	-	11,979,949	11,979,949	-	-
Pension asset	27,730,203	3,223,798	30,954,001	-	-
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	16,976,497	21,527,372	38,503,869	-	-
Other capital assets, net of accumulated depreciation/amortization	159,948,853	318,282,235	478,231,088	5,293	-
Total Assets	<u>449,851,498</u>	<u>429,329,615</u>	<u>879,181,113</u>	<u>293,264</u>	<u>6,368,188</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amounts relating to pension	46,144,081	5,192,726	51,336,807	-	-
Deferred amounts relating to health OPEB	29,056,922	5,790,091	34,847,013	-	-
Deferred amounts relating to life insurance OPEB	1,982,346	467,300	2,449,646	-	-
Unamortized loss on refunding	851,582	355,220	1,206,802	-	-
	<u>78,034,931</u>	<u>11,805,337</u>	<u>89,840,268</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>					
Accounts payable	6,711,623	6,882,912	13,594,535	7,821	1,600
Accrued compensation and other current liabilities	4,391,150	460,833	4,851,983	-	40,800
Due to other governments	28,300	3,266,628	3,294,928	-	-
Accrued interest payable	287,773	-	287,773	-	-
Unearned revenue	13,747,446	-	13,747,446	-	-
Liabilities payable from restricted assets					
Accrued interest payable	-	749,421	749,421	-	-
Unearned capacity revenue	-	1,551,057	1,551,057	-	-
Current portion of long term debt	-	12,332,564	12,332,564	-	-
Noncurrent liabilities					
Total health OPEB liability	265,764,163	36,289,615	302,053,778	-	-
Net life insurance liability	4,502,803	1,011,049	5,513,852	-	-
Unearned capacity revenue	-	44,964,422	44,964,422	-	-
Due to other governments	-	102,265	102,265	-	-
Due within one year	16,886,365	-	16,886,365	-	-
Due in more than one year	91,820,664	71,993,513	163,814,177	-	2,286,585
Total Liabilities	<u>404,140,287</u>	<u>179,604,279</u>	<u>583,744,566</u>	<u>7,821</u>	<u>2,328,985</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred amounts relating to pension	60,592,966	7,186,428	67,779,394	-	-
Deferred amounts relating to health OPEB	26,198,868	5,218,117	31,416,985	-	-
Deferred amounts relating to life insurance OPEB	515,532	125,894	641,426	-	-
Rate Stabilization Fund	-	-	-	-	-
Unearned revenue	66,149,823	1,090,210	67,240,033	201,732	-
Total Deferred Inflows of Resources	<u>153,457,189</u>	<u>13,620,649</u>	<u>167,077,838</u>	<u>201,732</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	117,131,054	283,829,252	397,215,618	5,293	-
Restricted for					
Debt service	66,076	-	66,076	-	-
Permanent funds	2,815,726	-	2,815,726	-	-
Library	193,463	-	193,463	-	-
HUD Loan Programs	6,389,546	-	6,389,546	-	-
Tax increment districts	17,003,843	-	17,003,843	-	-
Intergovernmental revenue sharing	14,314,192	-	14,314,192	-	-
Federal and State grant programs	2,637,592	-	2,637,592	-	-
Trusts	4,324,466	-	4,324,466	-	-
Special assessment program	2,481,775	-	2,481,775	-	-
Health, public safety, and parks programs	746,233	-	746,233	-	-
Pension Asset	27,730,203	3,223,798	30,954,001	-	-
Water	-	2,399,762	2,399,762	-	-
Wastewater	-	7,650,789	7,650,789	-	-
Unrestricted (deficit)	<u>(225,545,216)</u>	<u>(49,193,577)</u>	<u>(270,994,105)</u>	<u>78,418</u>	<u>4,039,203</u>
<b>TOTAL NET POSITION (DEFICIT)</b>	<u>\$ (29,711,047)</u>	<u>\$ 247,910,024</u>	<u>\$ 218,198,977</u>	<u>\$ 83,711</u>	<u>\$ 4,039,203</u>

See accompanying notes to financial statements.

# CITY OF RACINE

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2021

Functions/Programs	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
<b>Primary Government</b>									
Governmental activities									
General government	\$ 12,415,697	\$ 1,754,050	\$ 10,207,985	\$ -	\$ (453,662)	\$ -	\$ (453,662)	\$ -	\$ -
Community development	14,215,212	1,900,965	8,568,481	-	(3,745,766)	-	(3,745,766)	-	-
Health	4,781,287	481,711	1,998,817	-	(2,300,759)	-	(2,300,759)	-	-
Education and recreation	12,977,144	881,001	2,135,922	-	(9,960,221)	-	(9,960,221)	-	-
Public works	23,560,528	10,637,512	2,504,474	336,784	(10,081,758)	-	(10,081,758)	-	-
Public safety	32,460,425	4,790,764	847,214	-	(26,822,447)	-	(26,822,447)	-	-
Interest and fiscal charges	3,937,301	-	-	-	(3,937,301)	-	(3,937,301)	-	-
Total Governmental Activities	104,347,594	20,446,003	26,262,893	336,784	(57,301,914)	-	(57,301,914)	-	-
Business type activities									
Water	17,307,389	24,537,724	-	18,933,201	-	26,163,536	26,163,536	-	-
Wastewater	12,114,689	11,451,983	-	3,462,846	-	2,800,140	2,800,140	-	-
Storm Water	5,625,540	6,966,467	-	-	-	1,340,927	1,340,927	-	-
Belle Urban Transit	10,673,729	901,111	8,652,512	8,325,526	-	7,205,420	7,205,420	-	-
Other	2,583,292	989,974	-	-	-	(1,593,318)	(1,593,318)	-	-
Total Business Type Activities	48,304,639	44,847,259	8,652,512	30,721,573	-	35,916,705	35,916,705	-	-
Total Primary Government	\$ 152,652,233	\$ 65,293,262	\$ 34,915,405	\$ 31,058,357	(57,301,914)	35,916,705	(21,385,209)	-	-

See accompanying notes to financial statements.

# CITY OF RACINE

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2021

	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
<b>Component Units</b>									
Business Improvement District	\$ 190,757	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (190,757)	\$ -
Redevelopment Authority	341,304	-	-	169,907	-	-	-	-	(171,397)
	<u>\$ 532,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,757)</u>	<u>(171,397)</u>
<b>General Revenues</b>									
Taxes									
Property taxes, levied for general purposes					36,596,692	1,087,210	37,683,902	201,732	-
Property taxes levied, for debt service					19,500,000	-	19,500,000	-	-
Property taxes, levied for TIF					2,682,658	-	2,682,658	-	-
Other taxes					931,410	-	931,410	-	-
Intergovernmental revenues not restricted to specific programs					33,292,422	-	33,292,422	-	-
Investment income					(686,787)	44,576	(642,211)	-	-
Other					2,021,275	10,727	2,032,002	4,007	96,581
Transfers					4,786,708	(4,786,708)	-	-	-
Total General Revenues and Transfers					<u>99,124,378</u>	<u>(3,644,195)</u>	<u>95,480,183</u>	<u>205,739</u>	<u>96,581</u>
<b>Change in net position</b>					41,822,464	32,272,510	74,094,974	14,982	(74,816)
NET POSITION - Beginning 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>
<b>NET POSITION - END OF YEAR</b>					<u>\$ (29,711,047)</u>	<u>\$ 247,910,024</u>	<u>\$ 218,198,977</u>	<u>\$ 83,711</u>	<u>\$ 4,039,203</u>

See accompanying notes to financial statements.

# CITY OF RACINE

## Governmental Funds

### BALANCE SHEET

As of December 31, 2021

	General Fund	Special Revenue Fund - ARPA	Debt Service Fund	Tax Incremental Districts	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>						
Cash and investments	\$ 25,350,133	\$ 12,668,208	\$ 353,849	\$ 12,340,087	\$ 32,862,037	\$ 83,574,314
Receivables						
Taxes	39,501,156	-	18,600,000	5,272,424	6,906,664	70,280,244
Special assessments						
and special charges - tax roll	-	-	-	-	427,330	427,330
Special assessments	-	-	-	-	1,402,811	1,402,811
Delinquent personal property taxes	12,512	-	-	-	-	12,512
Loans and notes	-	-	-	12,400,000	6,179,538	18,579,538
Accrued interest	105,207	-	-	-	252,515	357,722
Accounts	1,821,909	-	-	255,868	436,513	2,514,290
Total Receivables - Net	41,440,784	-	18,600,000	17,928,292	15,605,371	93,574,447
Due from other funds	20,079,756	-	-	-	5,171,069	25,250,825
Due from other governments	-	-	-	185,149	6,276,233	6,461,382
Inventories	656,661	-	-	-	-	656,661
Prepaid items	14,845	1,089,428	-	-	2,600	1,106,873
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	-	-	-	-	10,321,317	10,321,317
<b>TOTAL ASSETS</b>	<b>\$ 90,504,679</b>	<b>\$ 13,757,636</b>	<b>\$ 18,953,849</b>	<b>\$ 32,644,281</b>	<b>\$ 70,719,459</b>	<b>\$ 226,579,904</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 2,469,540	\$ 10,190	\$ -	\$ 11,033	\$ 3,311,309	\$ 5,802,072
Accrued liabilities	1,679,626	-	-	35,664	315,983	2,031,273
Due to other funds	4,042,003	-	-	-	6,088,987	10,130,990
Due to other governments	12,507	-	-	-	15,793	28,300
Unearned revenues	-	13,747,446	-	-	-	13,747,446
Insurance claims payable	1,414,943	-	-	-	-	1,414,943
Advances from other funds	-	-	-	10,321,317	-	10,321,317
Total Liabilities	9,618,619	13,757,636	-	10,368,014	9,732,072	43,476,341
<b>Deferred Inflow s of Resources</b>						
Unavailable revenue	-	-	-	12,400,000	7,582,349	19,982,349
Unearned interest/revenue	-	-	-	-	470,133	470,133
Unearned property tax revenue	34,473,272	-	18,600,000	5,272,424	7,333,994	65,679,690
Total Deferred Inflow s of Resources	34,473,272	-	18,600,000	17,672,424	15,386,476	86,132,172
<b>Fund Balances</b>						
Nonspendable	7,641,282	-	-	-	-	7,641,282
Restricted	-	-	353,849	4,603,843	26,320,644	31,278,336
Committed	-	-	-	-	19,200,921	19,200,921
Assigned	17,488,629	-	-	-	106,102	17,594,731
Unassigned (deficit)	21,282,877	-	-	-	(26,756)	21,256,121
Total Fund Balances	46,412,788	-	353,849	4,603,843	45,600,911	96,971,391
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 90,504,679</b>	<b>\$ 13,757,636</b>	<b>\$ 18,953,849</b>	<b>\$ 32,644,281</b>	<b>\$ 70,719,459</b>	

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)	198,935,649
Internal service fund net position.	15,549,514
Pension Asset, Deferred Outflow s and Deferred Inflow s of Resources	12,753,292
OPEB Health Liability, Deferred Outflow s and Deferred Inflow s of Resources	(262,906,109)
Life Insurance Liability, Deferred Outflow s and Deferred Inflow s of Resources	(2,925,438)
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)	19,982,349
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)	(108,071,695)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ (29,711,047)</b>

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, 2021

	General Fund	Special Revenue Fund - ARPA	Debt Service Fund	Tax Increment Districts	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>						
Taxes	\$ 34,194,448	\$ -	\$ 19,500,000	\$ 2,682,266	\$ 3,333,656	\$ 59,710,370
Special charges and assessments	-	-	-	-	642,881	642,881
Intergovernmental	33,875,664	9,375,787	-	582,695	15,199,839	59,033,985
Licenses and permits	2,336,269	-	-	-	104,190	2,440,459
Fines and forfeitures	998,905	-	-	-	397,065	1,395,970
Public charges for services	6,652,550	-	-	-	10,144,722	16,797,272
Miscellaneous	236,685	-	-	(109,525)	2,264,836	2,391,996
Total Revenues	<u>78,294,521</u>	<u>9,375,787</u>	<u>19,500,000</u>	<u>3,155,436</u>	<u>32,087,189</u>	<u>142,412,933</u>
<b>EXPENDITURES</b>						
Current						
General government	14,924,510	124,531	-	-	609,509	15,658,550
Health	1,574,470	1,251,256	-	-	2,324,681	5,150,407
Public safety	45,967,966	-	-	-	565,591	46,533,557
Public works	9,672,474	-	-	-	4,777,816	14,450,290
Education and recreation	6,369,804	-	-	-	5,527,660	11,897,464
Community Development	2,519,233	-	-	16,469,300	6,855,654	25,844,187
Capital Outlay	-	-	-	955,837	13,811,693	14,767,530
Debt Service						
Principal	-	-	32,755,000	-	-	32,755,000
Interest and fiscal charges	-	-	3,321,763	59,070	1,085,263	4,466,096
Total Expenditures	<u>81,028,457</u>	<u>1,375,787</u>	<u>36,076,763</u>	<u>17,484,207</u>	<u>35,557,867</u>	<u>171,523,081</u>
Excess (deficiency) of revenues over expenditures	<u>(2,733,936)</u>	<u>8,000,000</u>	<u>(16,576,763)</u>	<u>(14,328,771)</u>	<u>(3,470,678)</u>	<u>(29,110,148)</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, 2021

	General Fund	Special Revenue Fund - ARPA	Debt Service Fund	Tax Increment Districts	Nonmajor Governmental Funds	Totals
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term debt issued	\$ -	\$ -	\$ -	\$ 9,500,000	\$ 15,205,000	\$ 24,705,000
Premium on long-term debt issued	-	-	908,736	-	62,645	971,381
Refunding bonds issued	-	-	14,550,000	-	-	14,550,000
Transfers in	13,143,952	-	1,119,313	1,455,837	1,683,952	17,403,054
Transfers out	(95,761)	(8,000,000)	-	(1,119,313)	(4,992,520)	(14,207,594)
Total Other Financing Sources (Uses)	<u>13,048,191</u>	<u>(8,000,000)</u>	<u>16,578,049</u>	<u>9,836,524</u>	<u>11,959,077</u>	<u>43,421,841</u>
<b>Net Change in Fund Balances</b>	10,314,255	-	1,286	(4,492,247)	8,488,399	14,311,693
FUND BALANCES - Beginning of Year	<u>36,098,533</u>	<u>-</u>	<u>352,563</u>	<u>9,096,090</u>	<u>37,112,512</u>	<u>82,659,698</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 46,412,788</u>	<u>\$ -</u>	<u>\$ 353,849</u>	<u>\$ 4,603,843</u>	<u>\$ 45,600,911</u>	<u>\$ 96,971,391</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

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Net change in fund balances - total governmental funds	\$	14,311,693
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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	14,767,530
Some items reported as capital outlay are not capitalized	(5,369,711)
Depreciation is reported in the government-wide statements	(12,923,144)
Net Book Value on Disposal	(12,710)

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	(39,255,000)
Principal repaid	32,755,000

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	1,763,305
Unamortized discounts/premiums (see Note II. B.)	(310,472)
Pension/Life expenses	7,120,750
Other postemployment benefits	12,046,087
Writeoff of loans	82,312
Accrued interest on debt	(132,113)

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.

	4,764,628
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Revenues in the governmental funds that are not reported as revenues in the statement of activities (See Note II. B.)	(1,029,581)
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Expenditures in the governmental funds that are not reported as expenses in the statement of activities (See Note II. B.)	<u>13,243,890</u>
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Change in net position of governmental activities	<u>\$</u>	<u>41,822,464</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
<b>REVENUES</b>				
Taxes	\$ 34,067,000	\$ 34,067,000	\$ 34,194,448	\$ 127,448
Intergovernmental	33,442,071	33,442,071	33,875,664	433,593
Licenses and permits	2,083,435	2,083,435	2,336,269	252,834
Fines and forfeitures	1,342,000	1,122,000	998,905	(123,095)
Charges for services	6,128,283	6,128,283	6,652,550	524,267
Other	644,145	644,144	236,685	(407,459)
Total Revenues	<u>77,706,934</u>	<u>77,486,933</u>	<u>78,294,521</u>	<u>807,588</u>
<b>EXPENDITURES</b>				
Current				
General government	15,568,503	15,598,645	14,924,510	674,135
Health	2,449,330	2,469,340	1,574,470	894,870
Public safety	46,387,432	46,436,770	45,967,966	468,804
Public works	10,019,314	10,420,425	9,672,474	747,951
Education and recreation	6,399,590	6,418,829	6,369,804	49,025
Community Development	3,331,239	2,537,152	2,519,233	17,919
Capital outlay	-	-	-	-
Total Expenditures	<u>84,155,408</u>	<u>83,881,161</u>	<u>81,028,457</u>	<u>2,852,704</u>
Excess (deficiency) of revenues over expenditures	<u>(6,448,474)</u>	<u>(6,394,228)</u>	<u>(2,733,936)</u>	<u>3,660,292</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,538,474	5,038,474	13,143,952	8,105,478
Transfers out	(90,000)	(168,164)	(95,761)	72,403
Total Other Financing Sources (Uses)	<u>5,448,474</u>	<u>4,870,310</u>	<u>13,048,191</u>	<u>8,177,881</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,000,000)</u>	<u>\$ (1,523,918)</u>	10,314,255	<u>\$ 11,838,173</u>
FUND BALANCE - Beginning of Year			<u>36,098,533</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 46,412,788</u>	

See accompanying notes to financial statements.

# CITY OF RACINE

## Proprietary Funds

### STATEMENT OF NET POSITION

As of December 31, 2021

	Business-Type Activities- Enterprise Funds						Governmental Activities-
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds	Total	Internal Service Funds
<b>ASSETS</b>							
Current Assets							
Cash and investments	\$ 9,571,024	\$ 9,641,100	\$ 2,705,063	\$ 200	\$ 1,056,710	\$ 22,974,097	\$ 13,596,897
Receivables							
Accounts	4,936,230	1,904,426	3,450	54,861	51,696	6,950,663	671,779
Taxes	349,153	8,881	-	782,000	308,210	1,448,244	-
Due from other governments	2,239,037	996,047	-	12,017,282	-	15,252,366	-
Due from other funds	3,390,260	2,290,444	1,810,641	-	-	7,491,345	61,348
Inventories	521,706	78,805	-	353,108	10,015	963,634	428,757
Prepaid items	-	-	-	-	863	863	-
Total Current Assets	<u>21,007,410</u>	<u>14,919,703</u>	<u>4,519,154</u>	<u>13,207,451</u>	<u>1,427,494</u>	<u>55,081,212</u>	<u>14,758,781</u>
Noncurrent Assets							
Restricted Assets							
Cash and investments	24,238,721	7,725,830	-	-	-	31,964,551	-
Plant capacity, current portion	-	4,087,619	-	-	-	4,087,619	-
Plant capacity, long term	-	11,979,949	-	-	-	11,979,949	-
Pension Asset	1,475,843	1,169,093	429,686	-	149,176	3,223,798	1,010,242
Capital assets							
Land	1,843,341	316,798	-	539,434	2,602,180	5,301,753	32,879
Construction in progress	11,880,033	1,716,826	995,389	6,935,124	-	21,527,372	-
Intangible assets	-	-	-	-	-	-	2,376,400
Land and building improvements	232,811,911	128,229,514	69,514,844	8,930,762	30,828,382	470,315,413	1,954,301
Equipment, furniture and vehicles	40,986,796	49,585,411	2,252,038	18,320,529	1,224,780	112,369,554	3,530,437
Less: Accumulated depreciation/amortization	<u>(81,789,383)</u>	<u>(99,453,768)</u>	<u>(42,528,072)</u>	<u>(19,559,297)</u>	<u>(21,072,212)</u>	<u>(264,402,732)</u>	<u>(5,041,095)</u>
Other assets							
Unamortized debt issuance expenses	-	-	-	-	-	-	-
Total Noncurrent Assets	<u>231,447,262</u>	<u>105,357,272</u>	<u>30,663,885</u>	<u>15,166,552</u>	<u>13,732,306</u>	<u>396,367,277</u>	<u>3,863,164</u>
Total Assets	<u>252,454,672</u>	<u>120,276,975</u>	<u>35,183,039</u>	<u>28,374,003</u>	<u>15,159,800</u>	<u>451,448,489</u>	<u>18,621,945</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred amounts relating to pension	2,408,456	1,858,304	657,696	-	268,270	5,192,726	1,689,575
Deferred amounts relating to OPEB	2,591,364	1,866,525	1,120,596	-	211,606	5,790,091	-
Deferred amounts relating to life insurance	219,428	213,868	22,860	-	11,144	467,300	72,355
Unamortized loss on refunding	<u>355,220</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>355,220</u>	<u>-</u>
	<u>5,574,468</u>	<u>3,938,697</u>	<u>1,801,152</u>	<u>-</u>	<u>491,020</u>	<u>11,805,337</u>	<u>1,761,930</u>

See accompanying notes to financial statements.

# CITY OF RACINE

## Proprietary Funds

### STATEMENT OF NET POSITION

As of December 31, 2021

	Business-Type Activities- Enterprise Funds						Governmental Activities-
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds	Total	Internal Service Funds
<b>LIABILITIES</b>							
Current Liabilities							
Accounts payable	\$ 1,992,787	\$ 450,627	\$ 60,758	\$ 4,321,447	\$ 57,293	\$ 6,882,912	\$ 909,551
Accrued liabilities	168,490	122,554	24,441	62,003	83,345	460,833	944,934
Due to other governments	3,266,628	-	-	-	-	3,266,628	-
Compensated absences	8,946	40,148	-	-	-	49,094	-
Other Postemployment benefits	678,015	1,140,530	-	-	-	1,818,545	-
Due to other funds	6,723,916	6,053,920	46,306	8,598,124	696,608	22,118,874	553,654
Liabilities payable from restricted assets							
Accrued interest	674,380	75,041	-	-	-	749,421	-
Unearned capacity revenue, current portion	-	1,551,057	-	-	-	1,551,057	-
Current portion of long term debt	3,930,323	6,534,602	-	-	-	10,464,925	-
Total Current Liabilities	17,443,485	15,968,479	131,505	12,981,574	837,246	47,362,289	2,408,139
Noncurrent Liabilities							
Compensated absences	490,809	259,707	7,500	56,918	15,051	829,985	71,525
Total health OPEB liability	17,559,781	10,276,932	5,382,147	-	3,070,755	36,289,615	-
Due to other governments	102,265	-	-	-	-	102,265	-
Net life insurance liability	469,158	447,782	69,957	-	24,152	1,011,049	164,066
Revenue bonds and notes payable	57,010,333	14,153,195	-	-	-	71,163,528	-
Unearned capacity revenue	-	44,964,422	-	-	-	44,964,422	-
Total Noncurrent Liabilities	75,632,346	70,102,038	5,459,604	56,918	3,109,958	154,360,864	235,591
Total Liabilities	93,075,831	86,070,517	5,591,109	13,038,492	3,947,204	201,723,153	2,643,730
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unearned property tax revenue	-	-	-	782,000	308,210	1,090,210	-
Deferred amounts relating to OPEB	1,891,668	2,125,279	1,010,377	-	190,793	5,218,117	-
Deferred amounts relating to life insurance	59,642	58,441	4,836	-	2,975	125,894	18,840
Deferred amounts related to pension	3,283,879	2,589,307	949,313	-	363,929	7,186,428	2,171,791
Total Deferred Inflows of Resources	5,235,189	4,773,027	1,964,526	782,000	865,907	13,620,649	2,190,631
<b>NET POSITION</b>							
Net investment in capital assets	165,259,297	59,586,074	30,234,199	15,166,552	13,583,130	283,829,252	2,852,922
Restricted	3,875,605	8,819,882	429,686	-	149,176	13,274,349	1,010,242
Unrestricted (deficit)	(9,416,782)	(35,033,828)	(1,235,329)	(613,041)	(2,894,597)	(49,193,577)	11,686,350
TOTAL NET POSITION	\$ 159,718,120	\$ 33,372,128	\$ 29,428,556	\$ 14,553,511	\$ 10,837,709	\$ 247,910,024	\$ 15,549,514

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, 2021

	Business-Type Activities- Enterprise Funds					Governmental Activities-	
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds	Totals	Internal Service Funds
<b>OPERATING REVENUES</b>							
Charges for services	\$ 24,537,724	\$ 11,451,983	\$ 6,963,844	\$ 894,880	\$ 989,795	\$ 44,838,226	\$ 28,933,449
Other	-	-	2,623	6,231	179	9,033	5,336
Total Operating Revenues	24,537,724	11,451,983	6,966,467	901,111	989,974	44,847,259	28,938,785
<b>OPERATING EXPENSES</b>							
Public Works	9,007,786	7,529,264	4,194,485	9,259,974	1,051,579	31,043,088	6,734,664
Public Safety	-	-	-	-	133,012	133,012	-
Education and recreation	-	-	-	-	423,253	423,253	-
General administration	-	-	-	-	-	-	18,512,342
Depreciation	6,150,100	3,888,546	1,457,768	1,413,755	975,448	13,885,617	518,399
Total Operating Expenses	15,157,886	11,417,810	5,652,253	10,673,729	2,583,292	45,484,970	25,765,405
Operating income (loss)	9,379,838	34,173	1,314,214	(9,772,618)	(1,593,318)	(637,711)	3,173,380
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment income (loss)	62,651	19,432	(31,035)	-	(6,472)	44,576	-
Interest expense	(2,407,888)	(501,237)	-	-	-	(2,909,125)	-
Intergovernmental interest reimbursement	-	376,693	-	-	-	376,693	-
Plant capacity income	-	1,551,057	-	-	-	1,551,057	-
Gain (loss) on sale of fixed assets	-	-	26,713	-	-	26,713	-
Amortization of premiums/discount and refunding loss	258,385	-	-	-	-	258,385	-
Subsidies from other governmental units	-	-	-	8,652,512	-	8,652,512	-
Tax levy	-	-	-	782,000	305,210	1,087,210	-
Household hazardous waste revenue	-	172,375	-	-	-	172,375	-
Household hazardous waste expense	-	(195,642)	-	-	-	(195,642)	-
Other	-	10,727	-	-	-	10,727	-
Total Nonoperating Revenues (Expenses)	(2,086,852)	1,433,405	(4,322)	9,434,512	298,738	9,075,481	-
Income (loss) before capital contributions and transfers	7,292,986	1,467,578	1,309,892	(338,106)	(1,294,580)	8,437,770	3,173,380

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, 2021

	Business-Type Activities- Enterprise Funds					Governmental Activities-	
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds	Totals	Internal Service Funds
<b>CAPITAL CONTRIBUTIONS</b>	\$ 18,933,201	\$ 1,362,721	\$ -	\$ 8,325,526	\$ -	\$ 28,621,448	\$ -
<b>TRANSFERS IN</b>	58,706	-	-	592,586	-	651,292	1,591,248
<b>TRANSFERS (OUT)</b>	<u>(3,816,480)</u>	<u>(1,121,520)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(5,438,000)</u>	<u>-</u>
<b>Change in Net Position</b>	22,468,413	1,708,779	809,892	8,580,006	(1,294,580)	32,272,510	4,764,628
TOTAL NET POSITION, Beginning 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>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 159,718,120</u>	<u>\$ 33,372,128</u>	<u>\$ 29,428,556</u>	<u>\$ 14,553,511</u>	<u>\$ 10,837,709</u>	<u>\$ 247,910,024</u>	<u>\$ 15,549,514</u>

See accompanying notes to financial statements.

# CITY OF RACINE

## Proprietary Funds

### STATEMENT OF CASH FLOWS For the Year Ended December 31, 2021

	Business-Type Activities- Enterprise Funds						Governmental Activities-
	Water Utility	Wastewater Utility	Stormwater Utility	Belle Urban Transit	Other Enterprise	Totals	Internal Service Fund
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>							
Received from customers and users	\$ 31,956,919	\$ 11,432,843	\$ 6,883,924	\$ 510,035	\$ 999,977	\$ 51,783,698	\$ 28,935,820
Paid to suppliers for goods and services	(9,298,198)	(4,224,833)	(3,286,025)	(4,012,927)	(1,216,522)	(22,038,505)	(20,984,464)
Paid to employees for services	(5,422,858)	(4,630,274)	(1,783,904)	-	(281,149)	(12,118,185)	(4,769,411)
Net Cash Flows From Operating Activities	17,235,863	2,577,736	1,813,995	(3,502,892)	(497,694)	17,627,008	3,181,945
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Transfer to other funds	(3,757,774)	(1,121,520)	(500,000)	-	-	(5,379,294)	-
Advances retired	-	-	-	-	-	-	-
Principal retired	-	(58,505)	-	-	-	(58,505)	-
Interest paid on long-term debt	-	(804)	-	-	-	(804)	-
Interest paid on advances	-	-	-	-	-	-	-
Funds received from intergovernmental agreement	1,658,914	295,692	-	-	-	1,954,606	-
Payments on intergovernmental agreement	-	-	-	-	-	-	-
Miscellaneous receipts	-	(12,540)	-	-	-	(12,540)	-
Operating grants received	-	-	-	9,605,626	-	9,605,626	-
Operating subsidies received - tax levy	-	-	-	782,000	305,210	1,087,210	-
Net Cash Flows from Noncapital Financing Activities	(2,098,860)	(897,677)	(500,000)	10,387,626	305,210	7,196,299	-
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Debt issued	24,005,000	761,990	-	-	-	24,766,990	-
Premium on debt issued	1,750,458	-	-	-	-	1,750,458	-
Debt retired	(9,204,868)	(6,541,675)	-	-	-	(15,746,543)	-
Advances retired	-	-	-	-	-	-	-
Interest paid on long-term debt	(2,250,247)	(528,882)	-	-	-	(2,779,129)	-
Interest paid on advances	-	-	-	-	-	-	-
Transfer from other funds for capital purposes	-	-	-	592,586	-	592,586	1,591,248
Acquisition and construction of capital assets	(8,788,079)	(1,764,142)	(1,563,360)	(8,918,110)	(33,031)	(21,066,722)	(796,886)
REC and other fees received	146,372	-	-	-	-	146,372	-
Intergovernmental interest reimbursement	-	376,693	-	-	-	376,693	-
Proceeds for plant capacity charges	-	4,066,518	-	-	-	4,066,518	-
Capital subsidies received	-	-	-	1,440,790	-	1,440,790	-
Proceeds from sale of capital assets	-	-	26,713	-	-	26,713	-
Net Cash Flows From Capital and Related Financing Activities	5,658,636	(3,629,498)	(1,536,647)	(6,884,734)	(33,031)	(6,425,274)	794,362

See accompanying notes to financial statements.



# CITY OF RACINE

## Proprietary Funds

### STATEMENT OF CASH FLOWS For the Year Ended December 31, 2021

	Business-Type Activities- Enterprise Funds						Governmental Activities-
	Water Utility	Wastewater Utility	Stormwater Utility	Belle Urban Transit	Other Enterprise	Totals	Internal Service Fund
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>							
Investment income	\$ 62,651	\$ 19,432	\$ (31,035)	\$ -	\$ (6,472)	\$ 44,576	\$ -
Net Cash Flows From Investing Activities	62,651	19,432	(31,035)	-	(6,472)	44,576	-
<b>Net Change in Cash and Cash Equivalents</b>	20,858,290	(1,930,007)	(253,687)	-	(231,987)	18,442,609	3,976,307
CASH AND CASH EQUIVALENTS - Beginning of Year	12,951,455	19,296,937	2,958,750	200	1,288,697	36,496,039	9,620,590
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 33,809,745	\$ 17,366,930	\$ 2,705,063	\$ 200	\$ 1,056,710	\$ 54,938,648	\$ 13,596,897
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Operating income (loss)	\$ 9,379,838	\$ 34,173	\$ 1,314,214	\$ (9,772,618)	\$ (1,593,318)	\$ (637,711)	\$ 3,173,380
Adjustments to reconcile operating income (loss) to Net Cash Flows from operating activities							
Other postemployment benefits	1,635,150	958,569	-	-	-	2,593,719	-
Depreciation	6,292,783	3,888,546	1,457,768	1,413,755	975,448	14,028,300	518,399
Changes in assets, deferred outflows, liabilities, and deferred inflows	-	-	-	-	-	-	-
Accounts receivable	105,941	21,489	11,035	(391,076)	9,908	(242,703)	34,221
Prepaid items	-	-	-	-	365	365	-
Inventories	(31,047)	12,305	-	(13,452)	(389)	(32,583)	21,115
Due from other funds	(17,608)	(16,405)	(93,578)	-	(2,904)	(130,495)	(37,185)
Pension benefits	(755,941)	(618,043)	-	-	-	(1,373,984)	-
Accounts payable	(625,062)	38,001	(485,523)	3,968,824	(76,545)	2,819,695	(383,633)
Accrued liabilities	(121,300)	(1,372,912)	3,927	24,996	(14,060)	(1,479,349)	141,074
Deferred Outflow/Inflows	(1,395,279)	(2,080,046)	(393,440)	-	(139,690)	(4,008,455)	(243,050)
Deferred revenues	-	-	-	-	-	-	-
Due to other governments	2,264,814	-	-	-	-	2,264,814	-
Due to other funds	503,574	1,712,059	(408)	1,266,679	343,491	3,825,395	(42,376)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	\$ 17,235,863	\$ 2,577,736	\$ 1,813,995	\$ (3,502,892)	\$ (497,694)	\$ 17,627,008	\$ 3,181,945

See accompanying notes to financial statements.

# CITY OF RACINE

## Proprietary Funds

### STATEMENT OF CASH FLOWS For the Year Ended December 31, 2021

	Business-Type Activities- Enterprise Funds					Governmental Activities-	
	Water Utility	Wastewater Utility	Stormwater Utility	Belle Urban Transit	Other Enterprise	Totals	Internal Service Fund
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET</b>							
Cash and investments							
Unrestricted	\$ 9,571,024	\$ 9,641,100	\$ 2,705,063	\$ 200	\$ 1,056,710	\$ 22,974,097	\$ 13,596,897
Restricted	<u>24,238,721</u>	<u>7,725,830</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,964,551</u>	<u>-</u>
Total Cash and Investments	<u>\$ 33,809,745</u>	<u>\$ 17,366,930</u>	<u>\$ 2,705,063</u>	<u>\$ 200</u>	<u>\$ 1,056,710</u>	<u>\$ 54,938,648</u>	<u>\$ 13,596,897</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Cost of Capital assets installed							
or financed by developers or customers	\$ 18,786,829	\$ 1,362,721	\$ -	\$ -	\$ -	\$ 20,149,550	\$ -
Capital assets in accounts payable and due to other funds	<u>\$ 1,052,544</u>	<u>\$ 120,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,173,454</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF RACINE**

## Fiduciary Funds

## STATEMENT OF FIDUCIARY NET POSITION

As of December 31, 2021

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	Custodial Funds Tax Collecting
<b>ASSETS</b>	
Cash and investments	\$ 26,188,829
Receivables	26,995,018
Property taxes	-
<b>TOTAL ASSETS</b>	<u><u>\$ 53,183,847</u></u>
<b>LIABILITIES</b>	
Due to others	\$ -
Due to component unit	278,175
Due to other governments	52,905,672
<b>TOTAL LIABILITIES</b>	<u><u>\$ 53,183,847</u></u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

**CITY OF RACINE**

## Fiduciary Funds

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
As of December 31, 2021

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	Custodial Funds
	Tax
	Collecting
<b>ADDITIONS</b>	
Tax collections	\$ 52,503,978
Total Additions	<u>52,503,978</u>
<b>DEDUCTIONS</b>	
Payments to overlying districts	<u>52,503,978</u>
Total Deductions	<u>52,503,978</u>
<b>Change in Net Position</b>	-
NET POSITION - Beginning of Year	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ -</u>

See accompanying notes to financial statements.

# CITY OF RACINE

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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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, 2021

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### NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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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, 2021

---

#### 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, 2021. 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, 2021. The Authority does not issue separate financial statements.



# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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### 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, 2021

---

#### 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.
- Special Revenue Fund - ARPA – used to account for and report financial resources that are restricted, committed or assigned to expenditure for the ARPA program.
- 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, 2021

---

#### 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, 2021

---

### 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, 2021

---

#### 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, 2021

---

#### 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, 2021

---

#### 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, 2021, 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, 2021

---

#### 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 – 2021 tax roll:

Lien date and levy date	November 2021
Tax bills mailed	December 2021
Payment in full, or	
First installment due	January 31, 2022
Second installment due	March 31, 2022
Third installment due	May 31, 2022
Fourth installment due	July 31, 2022
Personal property taxes in full	January 31, 2022
Final settlement with County	August 15, 2022
Tax deed by County – 2021	
Delinquent real estate taxes	October 2024

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, 2021

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

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#### ***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, 2021 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. 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, 2021

---

#### 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, 2021

---

#### 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 a portion of 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. As of January 1, 2021 the sick leave payout at retirement benefit will be phase out over a 5 year period as follows:

- The payment for those employees retiring between July 1, 2021, and December 31, 2021, shall be no more than \$15,000.
- The payment for those employees retiring between January 1, 2022, and December 31, 2022, shall be no more than \$12,500.
- The payment for those employees retiring between January 1, 2023, and December 31, 2023, shall be no more than \$10,000.
- The payment for those employees retiring between January 1, 2024, and December 31, 2024, shall be no more than \$7,500.
- The payment for those employees retiring between January 1, 2025, and December 31, 2025, shall be no more than \$5,000.

There shall be no sick leave severance payment for those employees retiring on or after January 1, 2026. No person hired on or after January 1, 2021, shall be entitled to any payment for accrued, but unused, sick leave upon retirement. 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, 2021 are determined on the basis of current salary rates and include salary related payments.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

---

#### 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.)***

##### ***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 \$31,886,157 made up of four issues.

##### ***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.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

---

#### 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***

##### ***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 \$3,744,688 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, 2021

---

#### 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 \$21,282,877 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, 2021

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

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##### ***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.

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

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##### ***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	\$ 18,579,539
Unearned revenue-grants	-
Unearned revenue-special assessments	<u>1,402,810</u>
Combined Adjustment for	
Long-Term Assets	<u>\$ 19,982,349</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	\$ 107,653,201
Compensated absences, not including internal service fund	982,303
Unamortized loss on refunding	(851,582)
Accrued interest	<u>287,773</u>
Combined Adjustment for	
Long-Term Liabilities	<u>\$ 108,071,695</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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#### 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	16,976,497
Other capital assets net of accumulated depreciation/amortization	159,948,853
Less: Internal Service Funds capital assets	<u>(2,852,922)</u>
Combined Adjustment for Capital Assets	<u>\$ 198,935,649</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	\$ (971,380)
Amortization of loss on refunding and premium (net)	<u>660,908</u>
Unamortized debt premiums/deferred charges	<u>\$ (310,472)</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	\$ (452,360)
State capital grant	(303,191)
Special assessments collections	<u>(274,030)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,029,581)</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 \$13,243,890 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, 2021

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#### NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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##### ***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
ARPA
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 \$13,585,376. 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 \$8,701,147.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

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##### ***B. EXCESS EXPENDITURES OVER APPROPRIATIONS***

The following appropriation units have an excess of actual expenditures over appropriations for the year ended December 31, 2021:

<u>Fund</u>	<u>Department</u>	<u>Appropriation Unit</u>	<u>Amount</u>
General Fund	Police	Capital Outlay	\$ 12,168
	Attorney's Office	Salaries and Fringes	14,199
	Attorney's Office	Operating	156,076
	Human Resources	Salaries and Fringes	1,175
	Public Works	Interdepartmental	7,212
	Parks	Salaries and Fringes	8,338
	Non Departmental	Salaries and Fringes	82,130
	Fire	Interdepartmental	20,021
	Fire	Operating Expenditures	92,387
Debt Service Fund		Debt Service	15,457,450
Special Revenue Funds:			
Library		Salaries and Fringes	60,577
Library		Operating	8,576
Cemetery		Salaries and Fringes	1,187
Municipal Court		Operating	68
Private Property Maintenance		Operating	315,721

## **CITY OF RACINE**

### **NOTES TO FINANCIAL STATEMENTS** As of and for the Year Ended December 31, 2021

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

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##### ***C. DEFICIT BALANCES***

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. The Municipal court fund had a deficit balance of \$26,756. Likewise, the Radio Repair Fund had a deficit balance of \$159,390. 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, 2021

### NOTE IV – DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Demand deposits	\$ 78,482,000	\$ 78,438,731	Custodial credit
Savings deposits	5,200,303	5,200,303	Custodial credit
Certificates of deposit	41,249,068	41,249,068	Custodial credit
Petty cash	8,015	-	NA
Total deposits	<u>\$ 124,939,386</u>	<u>\$ 124,888,102</u>	
Wisconsin Local Government			
Investment Pool	26,905,503		Credit
Mutual funds-equities	3,187,373		Credit
Mutual funds-fixed income	1,304,384		Credit, Interest Rate
U.S. Government agency securities-Explicit	1,319,571		Credit, Custodial Credit, Interest Rate, Concentration of Credit
U.S. Government agency securities-Implicit	<u>21,387,828</u>		Credit, Custodial Credit, Interest Rate, Concentration of Credit
Total investments	<u>54,104,659</u>		
Total Deposits and Investments	<u>\$ 179,044,045</u>		
Reconciliation to financial statements			
Per statement of net position			
Cash and Investments-Primary government	\$ 120,145,308		
Cash and investments-Component units	745,357		
Restricted cash and investments	31,964,551		
Per statement of fiduciary net position			
Custodial fund	<u>26,188,829</u>		
	<u>\$ 179,044,045</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, 2021

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

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##### **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, 2021, the City's carrying value of deposits was \$124,939,386, as compared to bank balances of \$124,888,102. Of the bank balances \$114,505,337 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. \$10,382,765 was uninsured as of December 31, 2021.

##### **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, 2021, the City's carrying value of U.S. Government Agency Securities subject to custodial credit risk was \$22,707,399. 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, 2021 were rated Aaa by Moody's Investor's Services and AA+ by Standard & Poor's. As of December 31, 2021, the balance in these types of investments was \$22,707,399. 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, 2021

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

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##### *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, 2021, 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	6.53%
Federal Home Loan Bank Corporation	U.S. government agency notes and mortgage backed securities	32.48%
Federal Home Loan Mortgage Corporation	U.S. government agency notes and mortgage backed securities	20.47%
Federal Farm Credit Bank Corporation	U.S. government agency notes and mortgage backed securities	34.44%
Small Business Administration	U.S. government agency notes and mortgage backed securities	5.23%

##### **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, 2021 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Duration in Years</u>
U.S. Government Agency-implicitly guaranteed	\$ 18,097,706	5.02
U.S. Government Agency-implicitly guaranteed	3,290,122	0.94
U.S. Government Agency-explicitly guaranteed	1,319,571	0.73
Mutual Funds-fixed income	1,304,384	5.28

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### 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	\$ -	\$ 3,187,373	\$ -	\$ 3,187,373
Mutual Fund Fixed Income	-	1,304,384	-	1,304,384
U.S. Government Agencies	<u>1,319,571</u>	<u>21,387,828</u>	<u>-</u>	<u>22,707,399</u>
Total	<u>\$ 1,319,571</u>	<u>\$ 25,879,585</u>	<u>\$ -</u>	<u>\$ 27,199,156</u>

#### B. RECEIVABLES

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

	<u>Account Receivable</u>	<u>Rescue Runs</u>	<u>Loans Receivable</u>	<u>Delinquent Personal Property</u>	<u>Total</u>
General Fund	\$ 349,046	\$ 392,575	\$ -	\$ 325,440	\$ 1,067,061
Loan Fund	-	-	1,326,744	-	1,326,744
Other Enterprise	4,328	-	-	-	4,328
Transit	3,090	-	-	-	3,090
Storm Water Utility	2,005	-	-	-	2,005
Internal Service	17,824	-	-	-	17,824
Other Non-Major Funds	<u>11,986</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,986</u>
	<u>\$ 388,279</u>	<u>\$ 392,575</u>	<u>\$ 1,326,744</u>	<u>\$ 325,440</u>	<u>\$ 2,433,038</u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

#### B. RECEIVABLES (cont.)

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

	General <u>Fund</u>	Tax Incremental <u>Districts</u>	Other <u>Non Major</u>	<u>Total</u>
Special Assessments	\$ -	\$ -	\$ 1,402,811	\$ 1,402,811
Delinquent personal property taxes	12,512	-	-	12,512
Loans and notes	-	12,400,000	6,179,538	18,579,538
	<u>\$ 12,512</u>	<u>\$ 12,400,000</u>	<u>\$ 7,582,349</u>	<u>\$ 19,994,861</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:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Property taxes receivable	\$ -	\$ 65,679,690	\$ 65,679,690
Loans receivable	18,573,206	-	18,573,206
Special assessments not yet due	1,402,811	-	1,402,811
Interest on loans and advances	-	243,074	243,074
ARPA	-	13,747,446	13,747,446
Grant receivables	6,332	227,059	233,391
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 19,982,349</u>	<u>\$ 79,897,269</u>	<u>\$ 99,879,618</u>
Unearned Revenue shown as a liability		\$ 13,747,446	
Unearned Revenue shown as a deferred inflow		66,149,823	
		<u>\$ 79,897,269</u>	

#### C. RESTRICTED ASSETS

The following represent the balances of the restricted assets:

##### **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.



# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

#### C. RESTRICTED ASSETS (cont.)

##### 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.

##### 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, 2021:

	Water Utility	Wastewater Utility	Total
Bond redemption account	\$ 2,274,142	\$ 4,509,538	\$ 6,783,680
Bond reserve account	4,384,107	-	4,384,107
Bond depreciation account	800,000	-	800,000
Equipment replacement account	-	3,216,292	3,216,292
Capital improvement fund	16,780,472	-	16,780,472
Plant capacity receivable	-	16,067,568	16,067,568
Total Restricted Assets	24,238,721	23,793,398	48,032,119
Reconciliation to restricted net position			
Plant capacity receivable reported as unearned revenue	-	(16,067,568)	(16,067,568)
Accrued interest payable	(674,380)	(75,041)	(749,421)
Unspent bond proceeds	(16,780,472)	-	(16,780,472)
Bond reserve fund financed by bond proceeds	(4,384,107)	-	(4,384,107)
Restricted Net Position	<u>\$ 2,399,762</u>	<u>\$ 7,650,789</u>	<u>\$ 10,050,551</u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

#### **D. CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 24,863,221	\$ -	\$ -	\$ 24,863,221
Construction in progress	19,552,911	7,885,934	10,462,348	16,976,497
Total Capital Assets Not Being Depreciated/Amortized	44,416,132	7,885,934	10,462,348	41,839,718
Capital assets being depreciated/amortized				
Intangible assets	1,952,996	423,404	-	2,376,400
Land improvements	13,124,870	2,484,359	190,672	15,418,557
Buildings	51,936,442	368,539	-	52,304,981
Machinery and equipment	46,121,271	3,258,204	1,215,170	48,164,305
Roads, streets, and bridges	185,652,874	4,246,555	395,832	189,503,597
Sidewalks	55,977,725	451,794	46,221	56,383,298
Sewer lines	48,802,599	1,158,148	98,035	49,862,712
Shoreline walls and other	24,040,581	384,608	-	24,425,189
Total Capital Assets Being Depreciated/Amortized	427,609,358	12,775,611	1,945,930	438,439,039
Less: accumulated depreciation/amortization for				
Intangible assets	1,194,553	230,065	-	1,424,618
Land improvements	10,636,579	636,117	177,960	11,094,736
Buildings	31,780,648	1,952,069	-	33,732,717
Machinery and equipment	34,297,378	3,038,435	1,215,170	36,120,643
Roads, streets, and bridges	104,114,399	5,189,492	395,832	108,908,059
Sidewalks	48,564,846	790,959	46,222	49,309,583
Sewer lines	22,995,511	921,705	98,035	23,819,181
Shoreline walls and other	13,397,948	682,701	-	14,080,649
Total Accumulated Depreciation/Amortization	266,981,862	13,441,543	1,933,219	278,490,186
Total Capital Assets being Depreciated/Amortized, Net	160,627,496	(665,932)	12,711	159,948,853
Governmental Activities Capital Assets, Net	\$ 205,043,628	\$ 7,220,002	\$ 10,475,059	\$ 201,788,571

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

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##### ***D. CAPITAL ASSETS*** (cont.)

Depreciation/amortization expense was charged to functions as follows:

##### **Governmental Activities**

General government	\$ 996,343
Education and recreation	1,924,012
Public works, which includes infrastructure	9,339,815
Public safety	<u>1,181,373</u>
 Total Governmental Activities Depreciation/Amortization Expense	 <u><u>\$ 13,441,543</u></u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

#### D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
Capital assets not being depreciated				
Land	\$ 5,301,753	\$ -	\$ -	\$ 5,301,753
Construction in progress	15,036,693	13,476,489	6,985,810	21,527,372
Total Capital Assets Not Being Depreciated	20,338,446	13,476,489	6,985,810	26,829,125
Capital assets being depreciated				
Land improvements	9,973,000	-	-	9,973,000
Improvements other than buildings	271,062,628	24,741,584	537,053	295,267,159
Buildings	162,503,007	2,632,520	60,271	165,075,256
Machinery and equipment	109,447,222	4,211,251	1,288,919	112,369,554
Total Capital Assets Being Depreciated	552,985,857	31,585,355	1,886,243	582,684,969
Less: accumulated depreciation for				
Land improvements	7,517,666	323,926	-	7,841,592
Improvements other than buildings	85,862,983	4,561,947	529,649	89,895,281
Buildings	80,881,753	4,112,333	83,967	84,910,119
Machinery and equipment	77,998,276	5,022,689	1,265,223	81,755,742
Total Accumulated Depreciation	252,260,678	14,020,895	1,878,839	264,402,734
Total Capital Assets Depreciated, Net	300,725,179	17,564,460	7,404	318,282,235
Business-Type Activities Capital Assets, Net	\$ 321,063,625	\$ 31,040,949	\$ 6,993,214	\$ 345,111,360

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

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##### **D. CAPITAL ASSETS** (cont.)

Depreciation expense was charged to functions as follows:

##### **Business-Type Activities**

Water	\$ 6,150,100
Wastewater	3,888,546
Stormwater	1,457,768
Belle Urban Transit	1,413,755
Other	<u>975,448</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 13,885,617</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, 2021

### 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	\$ 8,598,124
General Fund	Enterprise Fund-Civic Center	372,761
General Fund	Enterprise Fund-Parking	323,847
General Fund	Internal Service Fund-Information Systems	538,450
General Fund	Wastewater Utility	270,271
General Fund	Water Utility	3,887,315
General Fund	Special Revenue-HUD Grants	1,030,819
General Fund	Special Revenue-State Grants	799,396
General Fund	Special Revenue-Restricted	23,648
General Fund	Special Revenue-Federal Grants	2,335,201
General Fund	Special Revenue-Loans	5,137
General Fund	Special Revenue-Trusts	6,295
General Fund	Permanent Funds	7,792
General Fund	Capital Projects-Capital grants	211,095
General Fund	Capital Projects-City Projects	1,669,604
Wastewater Utility	Internal Service Fund-Building Complex	15,204
Wastewater Utility	Water Utility	803,823
Wastewater Utility	General Fund	1,471,417
Water Utility	Wastewater Utility	773,369
Water Utility	Enterprise-Storm Water	46,306
Water Utility	General Fund	2,570,586

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

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

Capital Projects-City Projects	Wastewater Utility	4,987,755
Capital Projects-City Projects	Water Utility	183,314
Internal Service Fund-Equipment Maint.	Water Utility	6,250
Internal Service Fund-Equipment Maint.	Wastewater Utility	3,283
Internal Service Fund-Building Complex	Water Utility	-
Internal Service Fund-Building Complex	Wastewater Utility	-
Internal Service Fund-Health Insurance	Water Utility	32,573
Internal Service Fund-Health Insurance	Wastewater Utility	19,242
Enterprise-Storm Water	Water Utility	1,810,641
Other Enterprise-Radio Tower	Wastewater Utility	-
Subtotal-Fund Financial Statements		32,803,518
Less: Fund eliminations		(10,061,576)
Less: Government-wide eliminations		(8,114,413)
		<u>\$ 14,627,529</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 \$4,007,276 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, 2021

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

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##### *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 #28	\$ 3,100	-
Intergovernmental Revenue Sharing	Tax Increment District #27	3,100	-
Intergovernmental Revenue Sharing	Tax Increment District #26	1,044,379	-
Intergovernmental Revenue Sharing	Tax Increment District #24	1,077,235	-
Intergovernmental Revenue Sharing	Tax Increment District #20	41,096	-
Intergovernmental Revenue Sharing	Tax Increment District #19	802,757	-
Intergovernmental Revenue Sharing	Tax Increment District #18	7,207,270	-
Intergovernmental Revenue Sharing	Tax Increment District #16	142,380	-
Subtotal-Fund financial statements		\$ 10,321,317	\$ -
Less: fund eliminations		(10,321,317)	
Total advance to other funds-government wide statements		\$ -	

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, 2021

### 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	\$ 4,602,982
General Fund	Enterprise - Wastewater	276,312
General Fund	Special Revenue-ARPA	8,000,000
General Fund	Special Revenue-Loans	224,033
General Fund	Special Revenue-HUD Grants	40,625
Debt Service Fund	Capital Projects-TID	1,119,313
Capital Projects-TID	Enterprise-Storm	500,000
Capital Projects-TID	Capital Projects-Other Projects	955,837
Capital Projects-City Projects	Special Revenue-Special Assessment	1,248,545
Enterprise-Transit	Capital Projects - General Obligation	592,586
Enterprise - Water	Enterprise - Wastewater	58,706
Internal Service-Information Systems	Capital Projects - General Obligation	1,071,248
Internal Service-Information Systems	Capital Projects - Equipment Replacen	520,000
Special Revenue-Private Property	Special Revenue-HUD Grants	97,042
Special Revenue-HUD	Special Revenue-Loans	64,382
Special Revenue-Loans	Special Revenue-HUD Grants	178,222
Special Revenue-State Grants	General Fund	40,478
Special Revenue-Municipal Court	General Fund	55,283
Subtotal-fund financial statements		19,645,594
Less: Fund eliminations		(13,673,714)
Add: Government wide eliminations		(1,185,172)
		<u>\$ 4,786,708</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, 2021

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

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2021 was as follows:

#### GOVERNMENTAL ACTIVITIES

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General Obligation					
Bonds and notes payable	\$ 93,935,000	\$ 39,255,000	\$ 32,755,000	\$ 100,435,000	\$ 16,070,000
Premiums	<u>7,072,988</u>	<u>971,381</u>	<u>826,168</u>	<u>7,218,201</u>	<u>-</u>
Sub-total	<u>101,007,988</u>	<u>40,226,381</u>	<u>33,581,168</u>	<u>107,653,201</u>	<u>16,070,000</u>
Other Liabilities					
Vested compensated absences	2,869,247	61,312	1,876,731	1,053,828	816,365
Total health OPEB liability	243,601,976	33,136,749	10,974,562	265,764,163	-
Net life insurance OPEB liability	<u>3,370,278</u>	<u>1,132,525</u>	<u>-</u>	<u>4,502,803</u>	<u>-</u>
Total Other Liabilities	<u>249,841,501</u>	<u>34,330,586</u>	<u>12,851,293</u>	<u>271,320,794</u>	<u>816,365</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 350,849,489</u>	<u>\$ 74,556,967</u>	<u>\$ 46,432,461</u>	<u>\$ 378,973,995</u>	<u>\$ 16,886,365</u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### 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	\$ 69,492,438	\$ 24,766,990	\$ 15,805,048	\$ 78,454,380	\$ 10,124,746
Premiums	2,130,927	1,750,458	707,312	3,174,073	340,179
Sub-total	<u>71,623,365</u>	<u>26,517,448</u>	<u>16,512,360</u>	<u>81,628,453</u>	<u>10,464,925</u>
Other Liabilities					
Vested compensated absences	1,062,521	61,599	245,041	879,079	49,094
Total health OPEB liability	34,662,559	5,267,051	1,821,450	38,108,160	1,818,545
Net life insurance OPEB liability	803,975	207,074	-	1,011,049	-
Total Other Liabilities	<u>36,529,055</u>	<u>5,535,724</u>	<u>2,066,491</u>	<u>39,998,288</u>	<u>1,867,639</u>
Total Business Type Activities					
Long-Term Liabilities	<u>\$ 108,152,420</u>	<u>\$ 32,053,172</u>	<u>\$ 18,578,851</u>	<u>\$ 121,626,741</u>	<u>\$ 12,332,564</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, 2021, was \$212,600,020. Total general obligation debt outstanding at year end was \$100,435,000.

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### 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 12/31/2021
General Obligation Bonds					
2012	12/27/2012	12/27/2026	2.00-4.00%	\$ 9,830,000	\$ 815,000
2013	11/06/2013	12/10/2027	2.00-4.00	26,450,000	1,550,000
2014	12/09/2014	12/9/2028	2.00-4.00	15,395,000	6,015,000
2015	12/07/2015	12/7/2029	2.00-3.00	11,130,000	6,310,000
2016	12/07/2016	12/7/2030	2.00-4.00	11,915,000	7,170,000
2017	12/05/2017	12/5/2031	3.00-5.00	19,145,000	12,985,000
2018	12/11/2018	12/11/2032	4.00-5.00	9,720,000	7,275,000
2019	12/20/2019	12/20/2033	3.00-5.00	13,390,000	9,535,000
2020	10/06/2020	12/1/2027	.40-1.05	10,525,000	9,700,000
2020	12/18/2020	12/1/2034	2.00-4.00	13,755,000	7,365,000
2021	12/17/2021	12/1/2035	2.00-5.00	14,550,000	14,550,000
					<u>83,270,000</u>
Taxable General Obligation Bonds					
2019	10/01/2019	10/1/2023	3.0	2,690,000	<u>1,390,000</u>
Taxable Incremental General Obligation Debt					
2014 (Tif #10)	12/09/2014	12/9/2028	2.00-4.00	2,280,000	1,225,000
2015 (Tif #11)	09/08/2015	12/1/2025	1.00-3.10	1,410,000	650,000
2018 (Tif #18)	12/11/2018	12/11/2021	3.5	3,500,000	<u>3,500,000</u>
					<u>5,375,000</u>
Board of Commissioners of Public Lands					
2021	12/07/2021	3/15/2031	3.0	4,000,000	4,000,000
2021	06/21/2021	3/15/2041	4.0	5,500,000	5,500,000
2020	05/04/2020	3/15/2040	3.75	900,000	<u>900,000</u>
					<u>10,400,000</u>
Total Governmental Activities-General Obligation Debt					<u>\$ 100,435,000</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

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##### ***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>
2022	\$ 16,070,000	\$ 3,256,361	\$ 19,326,361
2023	14,436,509	2,909,174	17,345,683
2024	9,680,656	2,359,781	12,040,437
2025	9,356,784	2,057,222	11,414,006
2026	8,145,148	1,737,257	9,882,405
2027-2031	30,789,538	4,718,133	35,507,671
2032-2036	9,687,892	1,039,330	10,727,222
2037-2041	<u>2,268,473</u>	<u>272,532</u>	<u>2,541,005</u>
Totals	<u>\$ 100,435,000</u>	<u>\$ 18,349,790</u>	<u>\$ 118,784,790</u>

##### ***Debt Refunding***

On December 17, 2021, the City issued \$14.550,000 in general obligation refunding bonds, with interest ranging from 2.00% - 5.00%. The bonds, along with cash on hand, were used to current refund note anticipation notes dated September 28, 2021.

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### 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, 2021 consists of the following:

<u>Type/Series</u>	<u>Date of Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Original Indebted- ness</u>	<u>Balance Outstanding 12/31/2021</u>
<b>Water Utility</b>					
Safe Drinking Water Loan	12/22/2004	5/1/2024	2.37%	16,666,035	\$ 3,170,712
Safe Drinking Water Loan	5/27/2015	5/1/2035	1.65	1,708,229	1,370,871
Mortgage Revenue Refunding Bonds	9/8/2015	9/1/2026	2.00-4.00	6,590,000	3,430,000
Mortgage Revenue Bonds	12/28/2017	9/1/2031	3.00-5.00	6,135,000	5,815,000
Mortgage Revenue Bonds	2/19/2019	9/1/2039	3.00-5.00	20,000,000	19,975,000
Mortgage Revenue Bonds	2/11/2021	9/1/2041	1.00-5.00	19,890,000	19,890,000
Mortgage Revenue Bonds	6/3/2021	9/1/2024	5.00	4,115,000	4,115,000
Total Water Utility					<u>57,766,583</u>
<b>Wastewater Utility</b>					
Clean Water Fund Loans	7/24/2002	5/1/2022	2.860	17,943,748	1,218,740
Clean Water Fund Loans	11/27/2002	5/1/2022	2.867	60,724,848	4,347,294
Clean Water Fund Loans	1/23/2008	5/1/2027	2.480	3,481,931	1,233,307
Clean Water Fund Loans	3/24/2010	5/1/2029	2.200	2,524,712	1,217,129
Clean Water Fund Loans	5/23/2018	5/1/2038	1.870	521,526	455,068
Clean Water Fund Loans	6/27/2018	5/1/2038	1.870	13,088,291	11,454,269
Clean Water Fund Loans	11/10/2021	5/1/2041	1.485	761,990	761,990
Total Wastewater Utility					<u>20,687,797</u>
Total Business-Type Revenue Debt					<u>\$ 78,454,380</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

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##### **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
2022	\$ 10,124,746	\$ 2,369,689	\$ 12,494,435
2023	4,764,193	2,089,847	6,854,040
2024	4,925,681	1,924,446	6,850,127
2025	4,290,912	1,766,449	6,057,361
2026	4,453,291	1,610,842	6,064,133
2027-2031	19,025,899	5,783,052	24,808,951
2032-2036	17,484,193	3,066,015	20,550,208
2037-2041	13,385,465	816,251	14,201,716
	<u>\$ 78,454,380</u>	<u>\$ 19,426,591</u>	<u>\$ 97,880,971</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 \$99.0 million in water system revenue bonds issued between 2004 and 2021. 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 2041. 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 \$74,899,544. Principal and interest paid for the current year and total customer net revenues were \$11,455,115 and \$15,738,961, respectively.

The Wastewater Utility has pledged future customer revenues, net of specified operating expenses, to repay \$103.1 million in clean water fund loans issued between 2000 and 2021. 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 2041. 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 \$22,981,427. Principal and interest paid for the current year and total revenues were \$7,129,866 and \$8,432,835, 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, 2021

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

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##### ***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, 2021, \$7,055,000 of bonds outstanding is considered defeased. The bonds are callable in 2022-2023.

##### ***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 \$51,491 in 2021.

Future minimum payments under the lease are as follows:

2022	\$	35,000
2023		35,000
2024		35,000
2025		35,000
2026		35,000
2027-2031		175,000
2032-2036		175,000
2037-2041		175,000
2042-2046		175,000
2047-2051		175,000
		<u>175,000</u>
	\$	<u>1,050,000</u>



## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

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##### ***H. NET POSITION/FUND BALANCES***

Net position reported on the government wide statement of net position at December 31, 2021 includes the following:

##### ***Governmental Activities***

Net Investment in capital assets	
Capital assets, net of accumulated depreciation/amortization	\$ 201,788,571
Less: related long-term debt outstanding, premiums plus unamortized loss on refunding	(96,690,312)
Plus: funds borrowed but not spent	<u>12,032,795</u>
Total Net Investment in Capital Assets	<u>117,131,054</u>
Restricted for	
Debt service	66,076
Permanent Funds	
Non Expendable	964,701
Expendable	1,851,025
Library	193,463
Loan programs	6,389,546
Tax incremental districtes	17,003,843
Intergovernmental revenue sharing	14,314,192
Federal and State grant programs	2,637,592
Trusts	4,324,466
Health and other	746,233
Pension Asset	27,730,203
Special assessment program	<u>2,481,775</u>
Total Restricted	<u>78,703,115</u>
Unrestricted (deficit)	<u>(225,545,216)</u>
Total Governmental Activities Net Position (Deficit)	<u>\$ (29,711,047)</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

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##### *H. NET POSITION/FUND BALANCES (cont.)*

##### ***Business-Type Activities***

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 345,111,360
Less: related long-term debt outstanding	<u>(61,282,108)</u>
Total Net Investment in Capital Assets	<u>283,829,252</u>
Restricted for	
Debt Service	6,034,259
Depreciation Fund	800,000
DNR equipment replacement fund	3,216,292
Pension asset	<u>3,223,798</u>
Total Restricted	<u>13,274,349</u>
Unrestricted (deficit)	<u>(49,193,577)</u>
Total Business-Type Activities Net Position	<u><u>\$ 247,910,024</u></u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### 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, 2021 include the following:

	Capital Projects Fund			Nonmajor Governmental Funds	
	General Fund	Tax Incremental Districts	Debt Service	Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable					
Non current receivables	\$ 4,007,276	\$ -	\$ -	\$ -	\$ 4,007,276
Inventories	656,661	-	-	-	656,661
Prepaid Items	14,845	-	-	-	14,845
Deposit in CVMIC	2,962,500	-	-	-	2,962,500
	<u>7,641,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,641,282</u>
Restricted for:					
Loan program	-	-	-	2,101,090	2,101,090
Debt service	-	-	353,849	-	353,849
HUD grant programs	-	-	-	202,133	202,133
State grant programs	-	-	-	896	896
Federal grant programs	-	-	-	543,481	543,481
Special assessment program	-	-	-	1,078,964	1,078,964
Public safety	-	-	-	453,348	453,348
Health services	-	-	-	42,775	42,775
Cemetery donations	-	-	-	157,396	157,396
Park and recreation programs	-	-	-	92,714	92,714
Trusts	-	-	-	4,324,466	4,324,466
Library services	-	-	-	193,463	193,463
Tax incremental districts	-	4,603,843	-	-	4,603,843
Revenue sharing	-	-	-	14,314,192	14,314,192
Endowments	-	-	-	2,815,726	2,815,726
	<u>-</u>	<u>4,603,843</u>	<u>353,849</u>	<u>26,320,644</u>	<u>31,278,336</u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

#### **H. NET POSITION/FUND BALANCES (cont.)**

##### **Governmental Funds (cont.)**

		Capital Projects Fund				
	General Fund	Tax Incremental Districts	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	
Committed to:						
Harbor Commission	\$ -	\$ -	\$ -	\$ 273,753	\$ 273,753	
Fire Prevention	-	-	-	63,991	63,991	
Racine Safe Neighborhood	-	-	-	9,247	9,247	
Sister Cities	-	-	-	41,584	41,584	
Boat Launch	-	-	-	-	-	
Comm Center Concessions	-	-	-	20,690	20,690	
Landmark Preservation	-	-	-	4,358	4,358	
Open Space Park Land	-	-	-	11,858	11,858	
Recycling	-	-	-	124,153	124,153	
Cemetery	-	-	-	450,675	450,675	
City Projects	-	-	-	4,390,163	4,390,163	
Private Property Maintenance	-	-	-	908,811	908,811	
Sanitary Sewer Maintenance	-	-	-	547,994	547,994	
Health Lab	-	-	-	37,920	37,920	
Room Tax	-	-	-	282,929	282,929	
Equipment Replacement	-	-	-	1,028,775	1,028,775	
Capital projects	-	-	-	11,004,020	11,004,020	
	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,200,921</u>	<u>19,200,921</u>	
Assigned to:						
Budget Stabilization	13,232,054	-	-	-	13,232,054	
Wage Provision	4,256,575	-	-	-	4,256,575	
Economic Development	-	-	-	106,102	106,102	
	<u>17,488,629</u>	<u>-</u>	<u>-</u>	<u>106,102</u>	<u>17,594,731</u>	
Unassigned (deficit)	<u>21,282,877</u>	<u>-</u>	<u>-</u>	<u>(26,756)</u>	<u>21,256,121</u>	
Total Fund Balances	<u>\$ 46,412,788</u>	<u>\$ 4,603,843</u>	<u>\$ 353,849</u>	<u>\$ 45,600,911</u>	<u>\$ 96,971,391</u>	

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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

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##### ***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, 2021, 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, 2021 the Authority had assets held for resale of \$5,622,831.

###### **d. Cash and Investments**

At December 31, 2021, the carrying value and bank balance of the Redevelopment Authority's deposits are \$745,357. 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, 2021

---

#### 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, 2021, the BID has a receivable of \$201,732 from the City's tax collection fund for the entire subsequent year's annual assessment.

###### c. Cash and Investments

At December 31, 2021, the carrying value of the BID's deposits is \$86,239. 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, 2021, the District had capital assets with a cost of \$19,790 and accumulated depreciation of \$14,497. The District's net book value of capital assets was \$5,293. There were \$5,558 of current year additions.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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#### NOTE V – OTHER INFORMATION

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##### ***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, 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/about-etf/reports-and-studies/financial-reports-and-statements>.

**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, 2021

---

#### 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
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)
2020	1.7	21.0

**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, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

---

##### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

During the reporting period, the WRS recognized \$5,792,770 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2021 are:

Employee Category	Employee	Employer
General	6.75%	6.75%
Executives & Elected Officials	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At December 31, 2021, the City reported an asset of \$30,954,001 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. 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, 2020, the City's proportion was .49580833%, which was an increase of .01334669% from its proportion measured as of December 31, 2020.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

---

##### **A. EMPLOYEES' RETIREMENT SYSTEM** (cont.)

For the year ended December 31, 2021, the City recognized pension (revenue) expense of (\$3,119,115).

At December 31, 2021, 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	\$ 44,799,944	\$ 9,649,827
Changes of actuarial assumptions	702,097	-
Net differences between projected and actual earnings on pension plan investments	-	58,113,615
Changes in proportion and differences between employer contributions and proportionate share of contributions	207,167	15,952
Employer contributions subsequent to the measurement date	<u>5,627,599</u>	<u>-</u>
Total	<u>\$ 51,336,807</u>	<u>\$ 67,779,394</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

---

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

\$5,627,599 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>December 31:</u>	<u>of Resources (net)</u>
2022	\$ (5,660,887)
2023	(1,504,515)
2024	(10,474,967)
2025	(4,429,817)

**Actuarial assumptions.** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability	December 31, 2020
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 2019 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, 2021

### 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, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 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	Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Real Rate of Return
Global Equities	51%	7.2%	4.7%
Fixed Income	25	3.2	0.8
Inflation Sensitive Assets	16	2.0	(0.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1

Variable Fund Asset Class	Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Real Rate of Return
US Equities	70%	6.6%	4.1%
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long Term US CPI (inflation) Forecast: 2.4%

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, 2021

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#### 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 municipal bond rate of 2.00%. (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, 2020. 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 municipal bond 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>\$29,463,919</u>	<u>\$(30,954,001)</u>	<u>\$(75,330,514)</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, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### ***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 \$932,245, \$958,846, and \$932,744, for the years ended December 31, 2021, 2020, and 2019 respectively. The following table shows the rate charged per week for each contract year:

Contract Period	Rate per week
July 1, 2021 – June 30, 2022	\$275
July 1, 2020 – June 30, 2021	264
July 1, 2019 – June 30, 2020	254
July 1, 2018 – June 30, 2019	244

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, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### ***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>2021</u>	<u>2020</u>	<u>2019</u>
Valuation Date	January 1, 2021	January 1, 2020	January 1, 2019
Funded Percentage	17.1%	19.5%	24.8%
Value of Assets	\$9,791,415,221	\$11,436,565,916	\$13,163,329,735
Value of Liabilities	\$57,182,929,661	\$58,512,784,264	\$52,986,860,755

###### ***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>2021</u>	<u>2020</u>	<u>2019</u>
FMV of Plan Assets	\$ 8,158,227,818	\$ 10,409,440,502	\$ 12,309,907,060

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### ***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, 2021. 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	\$ 935,817	\$ 1,881,644
Current year claims and changes in estimates	8,942,115	9,498,157
Claim payments	<u>(8,837,731)</u>	<u>(10,443,984)</u>
Unpaid Claims – End of Year	<u>\$ 1,040,201</u>	<u>\$ 935,817</u>



## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### **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, 2021 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, 2021. A total liability of \$1,414,943 at December 31, 2021 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
2021	\$ 895,151	1,287,412	767,620	\$ 1,414,943
2020	1,162,704	1,044,125	1,311,678	895,151

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### **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 2021, 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 10.13% for auto liability and 15.94% 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, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### ***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 \$11,035,117.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### ***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 2021, the City contributed \$12,796,012 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 2021, total retiree member contributions were \$802,555.

###### ***Plan Description and Benefits Provided***

The City’s total OPEB liability of \$303,872,323 was measured as of December 31, 2020.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### ***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, 2020 Actuarial Valuation reports.

Interest Discount Rate-2.12% for 2021  
Mortality-Based on the Wisconsin 2019 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, 2021.

##### ***Changes in the Total Health OPEB liability***

	Governmental Activities	Business Type Activities	Total
Balance at December 31, 2020	\$ 243,601,976	\$ 34,662,558	\$ 278,264,534
Changes for the year:			
Service Cost	4,524,265	694,099	5,218,364
Interest	6,551,554	1,041,757	7,593,311
Differences between expected and actual experience	22,060,930	3,531,196	25,592,126
Changes in assumption or other input	-	-	-
Benefit payments	(10,974,562)	(1,821,450)	(12,796,012)
Net changes	22,162,187	3,445,602	25,607,789
Balance at December 31, 2021	\$ 265,764,163	\$ 38,108,160	\$ 303,872,323

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### ***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 (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	1% Decrease to Discount Rate (1.12%)	Current Discount Rate (2.12%)	1% Increase to Discount Rate (3.12%)
Total OPEB Liability	<u>\$ 353,281,616</u>	<u>\$ 303,872,323</u>	<u>\$ 264,181,244</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 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 258,943,207</u>	<u>\$ 303,872,323</u>	<u>\$ 360,508,801</u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### 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, 2021, the City recognized OPEB-Health expense (revenue) of (\$13,987,115).

At December 31, 2021, 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	\$ -	\$ 3,984,084
Changes in assumptions or inputs	18,082,360	22,214,784
Employer contributions subsequent to the measurement date	<u>10,974,562</u>	<u>-</u>
	<u>29,056,922</u>	<u>26,198,868</u>
<u>Business Type Activities</u>		
Differences between actual and expected experience	348,749	1,221,315
Changes in assumptions or inputs	3,119,635	3,996,802
Employer contributions subsequent to the measurement date	<u>2,321,707</u>	<u>-</u>
	<u>5,790,091</u>	<u>5,218,117</u>
 Total	 <u>\$ 34,847,013</u>	 <u>\$ 31,416,985</u>

The \$13,296,269 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>
2022	(\$9,095,231)
2023	(4,762,830)
2024	720,352
2025	3,050,945
2026	220,523
Thereafter	-

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### **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 issued a standalone Annual Comprehensive Financial Report (ACFR), which can be found at: <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**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, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### ***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:

<u>Attained Age</u>	<u>Basic</u>	<u>Supplemental</u>
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
34-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

Disabled members under age 70 receive a waiver of premium benefit

During the reporting period, the LRLIF recognized \$18,408 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, 2021 the City reported a liability of \$5,513,852 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to December 31, 2020. 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, 2020, the City's proportion was 1.00238700%, which was an increase of .02235830% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the City recognized OPEB-Life expense of \$721,701.

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### NOTE V – OTHER INFORMATION (cont.)

#### *E. OTHER POSTEMPLOYMENT BENEFITS (cont.)*

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

At December 31, 2021, 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	\$ -	\$ 263,101
Changes in assumptions	2,144,966	378,325
Net differences between projected and actual earnings	80,276	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	205,996	-
Employer contributions subsequent to the measurement date	18,408	-
Total	<u>\$ 2,449,646</u>	<u>\$ 641,426</u>

\$18,408 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>
2022	\$342,505
2023	333,447
2024	324,505
2025	291,713
2026	339,990
Thereafter	157,652

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2021

### 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
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, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 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, 2020**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	50	1.47
U.S. Mortgages	Barclays MBS	50	0.82
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, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### ***E. OTHER POSTEMPLOYMENT BENEFITS (cont.)***

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

**Single discount rate.** A single discount rate of 2.25% 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 2.25%, 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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Proportionate share of the net OPEB liability	<u>\$7,500,415</u>	<u>\$5,513,852</u>	<u>\$4,011,472</u>

##### ***F. ECONOMIC DEPENDENCY***

One major customer accounted for 15.7% of Water Utility gross sales aggregating \$3,861,402 and 12.8% of gross sales aggregating \$2,741,628 in 2021 and 2020, respectively.

Two major customers accounted for 20.2% and 12.2 % of Wastewater Utility gross sales aggregating \$3,946,399 in 2021.

## **CITY OF RACINE**

### **NOTES TO FINANCIAL STATEMENTS** As of and for the Year Ended December 31, 2021

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#### **NOTE V – OTHER INFORMATION (cont.)**

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##### ***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 \$1,551,057 for the years ended December 31, 2021 and 2020 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 \$1,062,814 and \$1,057,788 for 2021 and 2020, 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, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### ***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 \$146,372 of REC fee revenue in 2021.

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, 2021 the Utility reporting an outstanding receivable from the Village in due from other governments on the statement of net position of \$1,255,174.

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, 2021 the Water Utility received \$0 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, 2021, the Water Utility held \$2,334,890 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, 2021, the Wastewater Utility had excess collections of \$3,964,969 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, 2021

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#### NOTE V – OTHER INFORMATION (cont.)

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##### **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 \$860,861.

##### **K. SUBSEQUENT EVENT**

On January 18, 2022, via Common Council Resolution #0022-22 to Common Council approved that effective February 1, 2022 management of the City of Racine transit operations will be conducted by the City of Racine administration and staff and all associated positions will become positions of the City of Racine.

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

The Governmental Accounting Standards Board (GASB) has approved the following:

- > Statement No. 87, *Leases*
- > Statement No. 91, *Conduit Debt Obligations*
- > 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.

## **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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Governmental Activities</u></b>				
Service Cost	\$ 4,524,265	\$ 4,561,773	\$ 5,774,719	\$ 5,190,182
Interest on total OPEB Liability	6,551,554	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	22,060,930	(25,520,780)	(26,677,205)	14,443,077
Benefit Payments	<u>(10,974,562)</u>	<u>(10,936,751)</u>	<u>(8,736,005)</u>	<u>(8,670,045)</u>
Net Change in Total OPEB Liability	<u>22,162,187</u>	<u>(27,099,241)</u>	<u>(21,238,970)</u>	<u>19,623,398</u>
Total OPEB-Health Liability Beginning	<u>243,601,976</u>	<u>270,701,217</u>	<u>291,940,187</u>	<u>272,316,789</u>
Total OPEB-Health Liability Ending	<u>\$ 265,764,163</u>	<u>\$ 243,601,976</u>	<u>\$ 270,701,217</u>	<u>\$ 291,940,187</u>
Covered Employee Payroll	\$ 45,055,269	\$ 45,398,488	\$ 43,503,529	\$ 41,932,280
Total OPEB Liability as a Percentage of Covered Payroll	589.86%	536.59%	622.25%	696.22%
<b><u>Business Type Activities</u></b>				
Service Cost	\$ 694,099	\$ 698,995	\$ 1,013,250	\$ 785,602
Interest on total OPEB Liability	1,041,757	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	3,531,196	(4,116,413)	(4,428,078)	2,051,148
Benefit Payments	<u>(1,821,450)</u>	<u>(2,072,297)</u>	<u>(1,742,986)</u>	<u>(1,529,452)</u>
Net Change in Total OPEB Liability	<u>3,445,602</u>	<u>(5,330,871)</u>	<u>(3,498,821)</u>	<u>2,831,792</u>
Total OPEB-Health Liability Beginning	<u>34,662,558</u>	<u>39,993,429</u>	<u>43,492,249</u>	<u>40,660,457</u>
Total OPEB-Health Liability Ending	<u>\$ 38,108,160</u>	<u>\$ 34,662,558</u>	<u>\$ 39,993,428</u>	<u>\$ 43,492,249</u>
Covered Employee Payroll	\$ 8,947,955	\$ 8,265,132	\$ 8,787,027	\$ 7,951,687
Total OPEB Liability as a Percentage of Covered Payroll	425.89%	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

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

**CITY OF RACINE**  
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of the Net OPEB Liability and Employer Contributions  
Local Life Insurance Fund

For the year ended December 31, 2021

	<u>2021</u>	<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)	1.00238700%	0.98002870%	0.95373400%	0.92586300%
Employer's proportionate share of the net OPEB liability (asset)	\$ 5,513,852	\$ 4,174,253	\$ 2,460,957	\$ 2,785,534
Employer's covered-employee payroll	\$ 51,124,000	\$ 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	10.79%	8.22%	5.08%	7.15%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	31.36%	37.58%	48.69%	44.81%
 Schedule of Employer Contributions (Fiscal Year Basis)				
Contractually required contributions	\$ 18,408	\$ 19,863	\$ 19,387	\$ 18,335
Contributions in relation to the contractually required contributions	\$ (18,408)	\$ (19,863)	\$ (19,387)	\$ (18,335)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 54,003,224	\$ 57,250,278	\$ 54,654,395	\$ 52,350,961
Contributions as a percentage of covered-employee payroll	0.03%	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 Proportionate Share of the Net Pension Liability (Asset)  
Wisconsin Retirement System  
Last 10 Measurement Period\*

For the year ended December 31, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)							
Employer's proportion of the net pension liability (asset)	0.49580833%	0.48246164%	0.47161079%	0.46066710%	0.457494490%	0.46004473%	0.473551710%
Employer's proportionate share of the net pension liability (asset)	\$ (30,954,001)	\$ (15,556,765)	\$ 16,778,433	\$ (13,677,753)	\$ 3,770,847	\$ 7,475,638	\$ (11,628,527)
Employer's covered-employee payroll	\$ 57,250,277	\$ 54,654,394	\$ 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	54.07%	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)	105.26%	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%
Schedule of Employer Contributions (Fiscal Year Basis)							
Contractually required contributions	\$ 5,627,599	\$ 5,794,214	\$ 5,503,715	\$ 5,434,187	\$ 5,219,080	\$ 4,588,001	\$ 4,704,517
Contributions in relation to the contractually required contributions	\$ (5,627,599)	\$ (5,794,214)	\$ (5,503,715)	\$ (5,434,187)	\$ (5,219,080)	\$ (4,588,001)	\$ (4,704,517)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 54,003,224	\$ 57,250,278	\$ 54,654,395	\$ 52,350,961	\$ 48,329,498	\$ 49,260,898	\$ 48,506,039
Contributions as a percentage of covered-employee payroll	10.42%	10.12%	10.07%	10.38%	10.80%	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, 2021

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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.

## **SUPPLEMENTARY INFORMATION**

**CITY OF RACINE**  
Nonmajor Governmental Funds

**COMBINING BALANCE SHEET**  
As of December 31, 2021

	Special Revenue Funds				
	HUD Grants	State Grants	Other Agency Grants	Federal Grants	Loans
<b>ASSETS</b>					
Cash and investments	\$ 135,203	\$ 1,880	\$ 260,819	\$ 564,100	\$ 2,179,765
Receivables					
Property taxes	-	-	-	-	-
Special assessment - tax roll	-	-	-	-	-
Special assessment	-	-	-	-	-
Accrued interest	-	-	-	-	252,515
Accounts	-	-	-	-	-
Loans and notes (net)	6,332	-	-	1,884,750	4,288,456
Prepaid expenses	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	1,813,509	923,814	-	2,723,174	-
Assets held for resale	-	-	-	-	-
Advances to component unit	-	-	-	-	-
Advances to other funds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,955,044</u>	<u>\$ 925,694</u>	<u>\$ 260,819</u>	<u>\$5,172,024</u>	<u>\$ 6,720,736</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 715,624	\$ 104,343	\$ 54,566	\$ 406,189	\$ 23,442
Accrued liabilities	-	253	-	-	50,634
Due to other funds	1,030,819	799,396	-	2,335,201	5,137
Due to other governments	136	-	-	2,403	8,903
Unearned revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>1,746,579</u>	<u>903,992</u>	<u>54,566</u>	<u>2,743,793</u>	<u>88,116</u>
Deferred Inflows of Resources					
Unavailable revenues	6,332	-	-	1,884,750	4,288,456
Unearned revenues	-	20,806	206,253	-	243,074
Unearned property tax revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>6,332</u>	<u>20,806</u>	<u>206,253</u>	<u>1,884,750</u>	<u>4,531,530</u>
Fund Balances (Deficits)					
Nonspendable	-	-	-	-	-
Restricted	202,133	896	-	543,481	2,101,090
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned (deficit)	-	-	-	-	-
Total Fund Balances (Deficits)	<u>202,133</u>	<u>896</u>	<u>-</u>	<u>543,481</u>	<u>2,101,090</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<u>\$ 1,955,044</u>	<u>\$ 925,694</u>	<u>\$ 260,819</u>	<u>\$5,172,024</u>	<u>\$ 6,720,736</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

**COMBINING BALANCE SHEET**  
As of December 31, 2021

Special Revenue Funds							
Special Assessments	Restricted	Trusts	Library	Recycling	Municipal Court	Cemetery	Private Property Maintenance
\$ 1,230,319	\$ 1,169,305	\$ 4,330,761	\$ 253,550	\$ 182,817	\$ -	\$ 508,183	\$ 738,669
-	27,728	-	2,257,317	1,812,917	163,626	204,720	109,681
427,330	-	-	-	-	-	-	-
1,402,811	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	36,748	-	-	-	-	-	257,986
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	140,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 3,060,460</u>	<u>\$ 1,373,781</u>	<u>\$ 4,330,761</u>	<u>\$ 2,510,867</u>	<u>\$ 1,995,734</u>	<u>\$ 163,626</u>	<u>\$ 712,903</u>	<u>\$ 1,106,336</u>
\$ 45	\$ 24,447	\$ -	\$ 9,755	\$ 50,690	\$ 25,936	\$ 53,970	\$ 73,022
151,310	20,142	-	50,332	7,974	820	3,538	10,471
-	23,648	6,295	-	-	-	-	-
-	-	-	-	-	-	-	4,351
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>151,355</u>	<u>68,237</u>	<u>6,295</u>	<u>60,087</u>	<u>58,664</u>	<u>26,756</u>	<u>57,508</u>	<u>87,844</u>
1,402,811	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
427,330	27,728	-	2,257,317	1,812,917	163,626	204,720	109,681
<u>1,830,141</u>	<u>27,728</u>	<u>-</u>	<u>2,257,317</u>	<u>1,812,917</u>	<u>163,626</u>	<u>204,720</u>	<u>109,681</u>
-	-	-	-	-	-	-	-
1,078,964	746,233	4,324,466	193,463	-	-	-	-
-	425,481	-	-	124,153	-	450,675	908,811
-	106,102	-	-	-	-	-	-
-	-	-	-	-	(26,756)	-	-
<u>1,078,964</u>	<u>1,277,816</u>	<u>4,324,466</u>	<u>193,463</u>	<u>124,153</u>	<u>(26,756)</u>	<u>450,675</u>	<u>908,811</u>
<u>\$ 3,060,460</u>	<u>\$ 1,373,781</u>	<u>\$ 4,330,761</u>	<u>\$ 2,510,867</u>	<u>\$ 1,995,734</u>	<u>\$ 163,626</u>	<u>\$ 712,903</u>	<u>\$ 1,106,336</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

**COMBINING BALANCE SHEET**  
As of December 31, 2021

	Special Revenue Funds			Capital Projects Funds	
	Sanitary Sewer Maintenance	Health Lab	Room Tax	City Projects	Capital Grants
<b>ASSETS</b>					
Cash and investments	\$ 666,116	\$ 41,086	\$ 275,228	\$ 263,820	\$ -
Receivables					
Property taxes	2,200,575	130,100	-	-	-
Special assessment - tax roll	-	-	-	-	-
Special assessment	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accounts	-	-	47,832	-	-
Loans and notes	-	-	-	-	-
Prepaid expenses	-	-	2,600	-	-
Due from other funds	-	-	-	5,171,069	-
Due from other governments	-	-	-	604,641	211,095
Assets held for resale	-	-	-	-	-
Advances to component unit	-	-	-	120,000	-
Advances to other funds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 2,866,691</u>	<u>\$ 171,186</u>	<u>\$ 325,660</u>	<u>\$ 6,159,530</u>	<u>\$ 211,095</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 117,095	\$ 365	\$ 42,731	\$ 97,606	\$ -
Accrued liabilities	1,027	2,801	-	2,157	-
Due to other funds	-	-	-	1,669,604	211,095
Due to other governments	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>118,122</u>	<u>3,166</u>	<u>42,731</u>	<u>1,769,367</u>	<u>211,095</u>
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Unearned property tax revenue	2,200,575	130,100	-	-	-
Total Deferred Inflows of Resources	<u>2,200,575</u>	<u>130,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	547,994	37,920	282,929	4,390,163	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>547,994</u>	<u>37,920</u>	<u>282,929</u>	<u>4,390,163</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 2,866,691</u>	<u>\$ 171,186</u>	<u>\$ 325,660</u>	<u>\$ 6,159,530</u>	<u>\$ 211,095</u>



**CITY OF RACINE**  
Nonmajor Governmental Funds

**COMBINING BALANCE SHEET**  
As of December 31, 2021

Capital Projects Funds			Permanent Fund	Total
General	Equipment	Intergovernmental	Endowment	Nonmajor
Obligation	Replacement	Revenue	Fund	Governmental
Bond Projects		Sharing		Funds
\$ 12,195,353	\$ 1,132,815	\$ 3,908,010	\$ 2,824,238	\$ 32,862,037
-	-	-	-	6,906,664
-	-	-	-	427,330
-	-	-	-	1,402,811
-	-	-	-	252,515
93,947	-	-	-	436,513
-	-	-	-	6,179,538
-	-	-	-	2,600
-	-	-	-	5,171,069
-	-	-	-	6,276,233
-	-	-	-	-
-	-	220,832	-	480,832
-	-	10,321,317	-	10,321,317
<u>\$ 12,289,300</u>	<u>\$ 1,132,815</u>	<u>\$ 14,450,159</u>	<u>\$ 2,824,238</u>	<u>\$ 70,719,459</u>
\$ 1,270,756	\$ 104,040	\$ 135,967	\$ 720	\$ 3,311,309
14,524	-	-	-	315,983
-	-	-	7,792	6,088,987
-	-	-	-	15,793
-	-	-	-	-
-	-	-	-	-
<u>1,285,280</u>	<u>104,040</u>	<u>135,967</u>	<u>8,512</u>	<u>9,732,072</u>
-	-	-	-	7,582,349
-	-	-	-	470,133
-	-	-	-	7,333,994
-	-	-	-	15,386,476
-	-	-	-	-
-	-	14,314,192	2,815,726	26,320,644
11,004,020	1,028,775	-	-	19,200,921
-	-	-	-	106,102
-	-	-	-	(26,756)
<u>11,004,020</u>	<u>1,028,775</u>	<u>14,314,192</u>	<u>2,815,726</u>	<u>45,600,911</u>
<u>\$ 12,289,300</u>	<u>\$ 1,132,815</u>	<u>\$ 14,450,159</u>	<u>\$ 2,824,238</u>	<u>\$ 70,719,459</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2021

	Special Revenue Funds			
	HUD Grants	State Grants	Other Agency Grants	Federal Grants
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special charges and assessments	-	-	-	-
Intergovernmental	4,416,020	2,291,005	99,193	2,808,849
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	-	-	125,000	19,700
Miscellaneous	128,386	-	719,340	-
Total Revenues	<u>4,544,406</u>	<u>2,291,005</u>	<u>943,533</u>	<u>2,828,549</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	128,484	481,025	-
Health	-	1,427,760	-	619,690
Public safety	-	-	-	18,358
Public works	-	468,970	-	-
Education and recreation	-	306,268	-	-
Community development	3,064,915	83	-	1,755,572
Debt Service - interest and fiscal charges	-	-	-	-
Capital outlay	1,120,597	-	462,508	415,229
Total Expenditures	<u>4,185,512</u>	<u>2,331,565</u>	<u>943,533</u>	<u>2,808,849</u>
Excess (deficiency) of revenues over expenditures	<u>358,894</u>	<u>(40,560)</u>	<u>-</u>	<u>19,700</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Premium on long-term debt	-	-	-	-
Transfers in	64,382	40,478	-	-
Transfers out	(315,889)	-	-	-
Total Other Financing Sources (Uses)	<u>(251,507)</u>	<u>40,478</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	107,387	(82)	-	19,700
FUND BALANCES - Beginning of Year	<u>94,746</u>	<u>978</u>	<u>-</u>	<u>523,781</u>
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<u>\$ 202,133</u>	<u>\$ 896</u>	<u>\$ -</u>	<u>\$ 543,481</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2021

Special Revenue Funds						
Loans	Special Assessments	Restricted	Trusts	Library	Recycling	Municipal Court
\$ -	\$ -	\$ 15	\$ -	\$ 2,254,817	\$ -	\$ 188,015
-	642,881	-	-	-	-	-
-	-	-	-	1,711,482	315,698	-
-	-	104,190	-	-	-	-
-	-	15,048	-	-	-	165,812
361,772	-	216,139	-	9,172	1,950,740	-
(9,743)	77,268	155,029	608,062	1,560	115,351	(220)
<u>352,029</u>	<u>720,149</u>	<u>490,421</u>	<u>608,062</u>	<u>3,977,031</u>	<u>2,381,789</u>	<u>353,607</u>
-	-	-	-	-	-	-
-	-	264	-	-	-	-
-	-	192,721	-	-	-	354,512
-	-	787	-	-	1,811,356	-
-	-	143,685	298,509	4,081,510	-	-
99,564	-	22,984	-	-	-	-
-	-	-	-	-	-	-
-	-	151,638	-	45,321	-	-
<u>99,564</u>	<u>-</u>	<u>512,079</u>	<u>298,509</u>	<u>4,126,831</u>	<u>1,811,356</u>	<u>354,512</u>
-	-	-	-	-	-	-
252,465	720,149	(21,658)	309,553	(149,800)	570,433	(905)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
178,222	-	-	-	-	-	55,283
(288,415)	(1,248,545)	-	-	-	-	-
<u>(110,193)</u>	<u>(1,248,545)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,283</u>
-	-	-	-	-	-	-
142,272	(528,396)	(21,658)	309,553	(149,800)	570,433	54,378
<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>
<u>\$ 2,101,090</u>	<u>\$ 1,078,964</u>	<u>\$ 1,277,816</u>	<u>\$ 4,324,466</u>	<u>\$ 193,463</u>	<u>\$ 124,153</u>	<u>\$ (26,756)</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2021

	Special Revenue Funds			
			Sanitary	
	Cemetery	Private Property Maintenance	Sewer Maintenance	Health Lab
<b>REVENUES</b>				
Taxes	\$ 201,571	\$ 227	\$ -	\$ 235,290
Special charges and assessments	-	-	-	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	216,205	-	-
Charges for services	407,784	897,010	2,201,925	9,216
Miscellaneous	(1,463)	(2,208)	(5,695)	(862)
Total Revenues	<u>607,892</u>	<u>1,111,234</u>	<u>2,196,230</u>	<u>243,644</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Health	-	-	-	276,967
Public safety	-	-	-	-
Public works	-	-	781,893	-
Education and recreation	570,444	-	-	-
Community development	-	1,010,606	-	-
Debt Service - interest and fiscal charges	-	-	-	-
Capital outlay	-	-	648,077	-
Total Expenditures	<u>570,444</u>	<u>1,010,606</u>	<u>1,429,970</u>	<u>276,967</u>
Excess (deficiency) of revenues over expenditures	<u>37,448</u>	<u>100,628</u>	<u>766,260</u>	<u>(33,323)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Premium on long-term debt	-	-	-	-
Transfers in	-	97,042	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>97,042</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	37,448	197,670	766,260	(33,323)
FUND BALANCES - Beginning of Year	<u>413,227</u>	<u>711,141</u>	<u>(218,266)</u>	<u>71,243</u>
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<u>\$ 450,675</u>	<u>\$ 908,811</u>	<u>\$ 547,994</u>	<u>\$ 37,920</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2021

Capital Projects Funds				
Room Tax	City Projects	Capital Grants	General Obligation Bond Projects	Equipment Replacement
\$ 453,721	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	1,193,246	211,095	125,689	-
-	-	-	-	-
-	-	-	-	-
-	3,946,264	-	-	-
18,061	-	-	(968)	171,969
<u>471,782</u>	<u>5,139,510</u>	<u>211,095</u>	<u>124,721</u>	<u>171,969</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	1,052,511	-	662,299	-
-	-	-	-	-
349,415	-	-	-	-
-	1,026,631	-	58,632	-
-	<u>1,817,601</u>	<u>211,095</u>	<u>5,644,370</u>	<u>3,295,257</u>
<u>349,415</u>	<u>3,896,743</u>	<u>211,095</u>	<u>6,365,301</u>	<u>3,295,257</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
122,367	1,242,767	-	(6,240,580)	(3,123,288)
-	-	-	11,783,300	3,421,700
-	-	-	62,645	-
-	1,248,545	-	-	-
-	<u>(955,837)</u>	-	<u>(1,663,834)</u>	<u>(520,000)</u>
-	<u>292,708</u>	-	<u>10,182,111</u>	<u>2,901,700</u>
-	-	-	-	-
122,367	1,535,475	-	3,941,531	(221,588)
<u>160,562</u>	<u>2,854,688</u>	-	<u>7,062,489</u>	<u>1,250,363</u>
<u>\$ 282,929</u>	<u>\$ 4,390,163</u>	<u>\$ -</u>	<u>\$ 11,004,020</u>	<u>\$ 1,028,775</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2021

	Capital Projects Fund	Permanent Fund	Total
	Intergovernmental Revenue Sharing	Endowment Fund	Nonmajor Governmental Funds
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 3,333,656
Special charges and assessments	-	-	642,881
Intergovernmental	2,027,562	-	15,199,839
Licenses and permits	-	-	104,190
Fines and Forfeitures	-	-	397,065
Charges for services	-	-	10,144,722
Miscellaneous	15,716	275,253	2,264,836
Total Revenues	2,043,278	275,253	32,087,189
<b>EXPENDITURES</b>			
Current			
General Government	-	-	609,509
Health	-	-	2,324,681
Public safety	-	-	565,591
Public works	-	-	4,777,816
Education and recreation	-	127,244	5,527,660
Community development	552,515	-	6,855,654
Debt Service - interest and fiscal charges	-	-	1,085,263
Capital outlay	-	-	13,811,693
Total Expenditures	552,515	127,244	35,557,867
Excess (deficiency) of revenues over expenditures	1,490,763	148,009	(3,470,678)
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	-	15,205,000
Premium on long-term debt	-	-	62,645
Transfers in	-	-	1,683,952
Transfers out	-	-	(4,992,520)
Total Other Financing Sources (Uses)	-	-	11,959,077
<b>Net Change in Fund Balances</b>	1,490,763	148,009	8,488,399
FUND BALANCES - Beginning of Year	12,823,429	2,667,717	37,112,512
<b>FUND BALANCES (DEFICITS) - END OF YEAR</b>	<u>\$ 14,314,192</u>	<u>\$ 2,815,726</u>	<u>\$ 45,600,911</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, 2021

	Library			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 2,254,816	\$ 2,254,816	\$ 2,254,817	\$ 1
Intergovernmental	1,709,878	1,709,878	1,711,482	1,604
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	20,000	20,000	9,172	(10,828)
Miscellaneous	29,000	29,000	1,560	(27,440)
Total Revenues	<u>4,013,694</u>	<u>4,013,694</u>	<u>3,977,031</u>	<u>(36,663)</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Health	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Education and recreation	4,006,476	4,054,162	4,081,510	(27,348)
Community development	-	-	-	-
Capital outlay	29,130	29,130	45,321	(16,191)
Total Expenditures	<u>4,035,606</u>	<u>4,083,292</u>	<u>4,126,831</u>	<u>(43,539)</u>
Excess (deficiency) of revenues over expenditures	<u>(21,912)</u>	<u>(69,598)</u>	<u>(149,800)</u>	<u>(80,202)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ (21,912)</u>	<u>\$ (69,598)</u>	<u>(149,800)</u>	<u>\$ (80,202)</u>
FUND BALANCES - Beginning of Year			<u>343,263</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 193,463</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, 2021

Recycling				Municipal Court			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ 188,015	\$ 188,015	\$ 188,015	\$ -
314,722	314,722	315,698	976	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	200,000	200,000	165,812	(34,188)
1,850,070	1,850,070	1,950,740	100,670	-	-	-	-
5,000	5,000	115,351	110,351	-	-	(220)	(220)
<u>2,169,792</u>	<u>2,169,792</u>	<u>2,381,789</u>	<u>211,997</u>	<u>388,015</u>	<u>388,015</u>	<u>353,607</u>	<u>(34,408)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	388,015	388,015	354,512	33,503
2,169,792	2,190,448	1,811,356	379,092	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,169,792</u>	<u>2,190,448</u>	<u>1,811,356</u>	<u>379,092</u>	<u>388,015</u>	<u>388,015</u>	<u>354,512</u>	<u>33,503</u>
-	(20,656)	570,433	591,089	-	-	(905)	(905)
-	-	-	-	-	-	55,283	55,283
-	-	-	-	-	-	-	-
-	-	-	-	-	-	55,283	55,283
<u>\$ -</u>	<u>\$ (20,656)</u>	<u>570,433</u>	<u>\$ 591,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>54,378</u>	<u>\$ 54,378</u>
		(446,280)				(81,134)	
		<u>\$ 124,153</u>				<u>\$ (26,756)</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, 2021

	Cemetery			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 201,571	\$ 201,571	\$ 201,571	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	340,000	340,000	407,784	67,784
Miscellaneous	5,000	5,000	(1,463)	(6,463)
Total Revenues	<u>546,571</u>	<u>546,571</u>	<u>607,892</u>	<u>61,321</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Health	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Education and recreation	631,571	720,115	570,444	149,671
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>631,571</u>	<u>720,115</u>	<u>570,444</u>	<u>149,671</u>
Excess (deficiency) of revenues over expenditures	<u>(85,000)</u>	<u>(173,544)</u>	<u>37,448</u>	<u>210,992</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ (85,000)</u>	<u>\$ (173,544)</u>	<u>37,448</u>	<u>\$ 210,992</u>
FUND BALANCES - Beginning of Year			<u>413,227</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 450,675</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, 2021**

Private Property Maintenance				Sanitary Sewer Maintenance			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ 227	\$ 227	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	220,000	216,205	-	-	-	-	-
225,000	225,000	897,010	672,010	2,206,970	2,206,970	2,201,925	(5,045)
-	-	(2,208)	(2,208)	-	-	(5,695)	(5,695)
<u>225,000</u>	<u>445,000</u>	<u>1,111,234</u>	<u>670,029</u>	<u>2,206,970</u>	<u>2,206,970</u>	<u>2,196,230</u>	<u>(10,740)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,006,970	1,028,431	781,893	246,538
-	-	-	-	-	-	-	-
225,000	1,100,066	1,010,606	89,460	-	-	-	-
-	-	-	-	<u>1,200,000</u>	<u>1,305,373</u>	<u>648,077</u>	<u>657,296</u>
<u>225,000</u>	<u>1,100,066</u>	<u>1,010,606</u>	<u>89,460</u>	<u>2,206,970</u>	<u>2,333,804</u>	<u>1,429,970</u>	<u>903,834</u>
-	(655,066)	100,628	755,694	-	(126,834)	766,260	893,094
-	578,164	97,042	(481,122)	-	-	-	-
-	-	-	-	-	-	-	-
-	<u>578,164</u>	<u>97,042</u>	<u>(481,122)</u>	-	-	-	-
<u>\$ -</u>	<u>\$ (76,902)</u>	<u>197,670</u>	<u>\$ 274,572</u>	<u>\$ -</u>	<u>\$ (126,834)</u>	<u>766,260</u>	<u>\$ 893,094</u>
		<u>711,141</u>				<u>(218,266)</u>	
		<u>\$ 908,811</u>				<u>\$ 547,994</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, 2021

	Health Lab			Room Tax			
	Original and Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>							
Taxes	\$ 235,290	\$ 235,290	\$ -	\$ 367,000	\$ 367,000	\$ 453,721	\$ 86,721
Intergovernmental	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-
Charges for services	-	9,216	9,216	-	-	-	-
Miscellaneous	-	(862)	(862)	22,500	22,500	18,061	(4,439)
Total Revenues	<u>235,290</u>	<u>243,644</u>	<u>8,354</u>	<u>389,500</u>	<u>389,500</u>	<u>471,782</u>	<u>82,282</u>
<b>EXPENDITURES</b>							
Current							
General Government	-	-	-	-	-	-	-
Health	285,290	276,967	8,323	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Education and recreation	-	-	-	-	-	-	-
Community development	-	-	-	389,500	409,500	349,415	60,085
Capital outlay	-	-	-	-	-	-	-
Total Expenditures	<u>285,290</u>	<u>276,967</u>	<u>8,323</u>	<u>389,500</u>	<u>409,500</u>	<u>349,415</u>	<u>60,085</u>
Excess (deficiency) of revenues over expenditures	<u>(50,000)</u>	<u>(33,323)</u>	<u>16,677</u>	<u>-</u>	<u>(20,000)</u>	<u>122,367</u>	<u>142,367</u>
<b>OTHER FINANCING SOURCES</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>\$ (50,000)</u>	<u>(33,323)</u>	<u>\$ 16,677</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>122,367</u>	<u>\$ 142,367</u>
FUND BALANCES - Beginning of Year		<u>71,243</u>				<u>160,562</u>	
<b>FUND BALANCES - END OF YEAR</b>		<u>\$ 37,920</u>				<u>\$ 282,929</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, 2021

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 19,500,000	\$ 19,500,000	\$ -
Intergovernmental	-	-	-
Miscellaneous	29,127	-	(29,127)
Total Revenues	<u>19,529,127</u>	<u>19,500,000</u>	<u>(29,127)</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	17,550,000	32,755,000	(15,205,000)
Interest and fiscal charges	3,098,440	3,321,763	(223,323)
Total Expenditures	<u>20,648,440</u>	<u>36,076,763</u>	<u>(15,428,323)</u>
Deficiency of revenues over expenditures	<u>(1,119,313)</u>	<u>(16,576,763)</u>	<u>(15,457,450)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding bonds issued	-	14,550,000	14,550,000
Premium on long-term debt issued	-	908,736	908,736
Payment to escrow agent	-	-	-
Transfers in	1,119,313	1,119,313	-
Total Other Financing Sources (Uses)	<u>1,119,313</u>	<u>16,578,049</u>	<u>15,458,736</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>1,286</u>	<u>\$ 1,286</u>
FUND BALANCES - Beginning of Year		<u>352,563</u>	
<b>FUND BALANCES - END OF YEAR</b>		<u>\$ 353,849</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, 2021

	General Obligation Bond Projects			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	125,689	125,689
Charges for services	-	-	-	-
Miscellaneous	-	-	(968)	(968)
Total Revenues	-	-	124,721	124,721
<b>EXPENDITURES</b>				
Current				
General administration	-	-	-	-
Public safety	-	-	-	-
Public works	744,059	1,358,873	662,299	696,574
Education and recreation	-	-	-	-
Community development	-	-	-	-
Debt Service - interest and fiscal charges	-	-	58,632	(58,632)
Capital outlay	8,765,000	13,250,073	5,644,370	7,605,703
Total Expenditures	9,509,059	14,608,946	6,365,301	8,243,645
Excess (deficiency) of revenues over expenditures	(9,509,059)	(14,608,946)	(6,240,580)	8,368,366
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	11,779,059	11,779,059	11,783,300	4,241
Premium on long-term debt	-	-	62,645	62,645
Transfers in	-	-	-	-
Transfers out	(2,270,000)	(3,420,000)	(1,663,834)	1,756,166
Total Other Financing Sources (Uses)	9,509,059	8,359,059	10,182,111	1,823,052
<b>Net Change in Fund Balances</b>	\$ -	\$ (6,249,887)	3,941,531	\$ 10,191,418
FUND BALANCES - Beginning of Year			7,062,489	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 11,004,020</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, 2021

Equipment Replacement Fund				Intergovernmental Revenue Sharing			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,027,562	-	2,027,562	2,027,562
-	-	-	-	-	-	-	-
138,500	138,500	171,969	33,469	63,300	63,300	15,716	(47,584)
138,500	138,500	171,969	33,469	2,090,862	63,300	2,043,278	1,979,978
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,145,120	3,731,902	552,515	3,179,387
-	-	-	-	-	-	-	-
3,240,200	3,882,148	3,295,257	586,891	750,000	750,000	-	750,000
3,240,200	3,882,148	3,295,257	586,891	3,895,120	4,481,902	552,515	3,929,387
-	-	-	-	-	-	-	-
(3,101,700)	(3,743,648)	(3,123,288)	620,360	(1,804,258)	(4,418,602)	1,490,763	5,909,365
-	-	-	-	-	-	-	-
3,421,700	3,421,700	3,421,700	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(320,000)	(520,000)	(520,000)	-	(222,500)	(222,500)	-	222,500
3,101,700	2,901,700	2,901,700	-	(222,500)	(222,500)	-	222,500
\$ -	\$ (841,948)	(221,588)	\$ 620,360	\$ (2,026,758)	\$ (4,641,102)	1,490,763	\$ 6,131,865
		1,250,363				12,823,429	
		<u>\$ 1,028,775</u>				<u>\$ 14,314,192</u>	

**CITY OF RACINE**  
Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET POSITION  
As of December 31, 2021

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Total
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 675	\$ 3,562	\$ 344,871	\$ 707,602	\$ 1,056,710
Receivables					
Accounts	16,440	-	28,455	6,801	51,696
Taxes	9,210	-	299,000	-	308,210
Due from other funds	-	-	-	-	-
Inventories	-	-	10,015	-	10,015
Prepaid items	-	-	863	-	863
Total Current Assets	<u>26,325</u>	<u>3,562</u>	<u>683,204</u>	<u>714,403</u>	<u>1,427,494</u>
Noncurrent Assets					
Pension asset	87,190	-	-	61,986	149,176
Capital assets					
Land	1,014,105	1,432,654	140,421	15,000	2,602,180
Land and building improvements	18,248,159	3,178,439	9,212,625	189,159	30,828,382
Equipment, furniture and vehicles	749,617	-	462,250	12,913	1,224,780
Construction in progress	-	-	-	-	-
Less: accumulated depreciation	<u>(11,291,815)</u>	<u>(2,625,778)</u>	<u>(7,004,891)</u>	<u>(149,728)</u>	<u>(21,072,212)</u>
Total Capital Assets, Net	<u>8,720,066</u>	<u>1,985,315</u>	<u>2,810,405</u>	<u>67,344</u>	<u>13,583,130</u>
Total Assets	<u>\$ 8,833,581</u>	<u>\$ 1,988,877</u>	<u>\$ 3,493,609</u>	<u>\$ 843,733</u>	<u>\$ 15,159,800</u>
Deferred Outflows of Resources					
Deferred amounts relating to pension	\$ 169,694	\$ -	\$ -	\$ 98,576	\$ 268,270
Deferred amounts relating to OPEB	140,036	-	-	71,570	211,606
Deferred amounts relating to life insurance	<u>6,881</u>	<u>-</u>	<u>-</u>	<u>4,263</u>	<u>11,144</u>
Total Deferred Outflows of Resources	<u>\$ 316,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 174,409</u>	<u>\$ 491,020</u>

**CITY OF RACINE**  
Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET POSITION  
As of December 31, 2021

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Total
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 22,230	\$ -	\$ 34,979	\$ 84	\$ 57,293
Accrued liabilities	3,041	5,000	73,801	1,503	83,345
Due to other governments	-	-	-	-	-
Due to other funds	323,847	-	372,761	-	696,608
Total Current Liabilities	<u>349,118</u>	<u>5,000</u>	<u>481,541</u>	<u>1,587</u>	<u>837,246</u>
Noncurrent Liabilities					
Compensated absences	15,051	-	-	-	15,051
Net pension liability	-	-	-	-	-
Life insurance liability	14,158	-	-	9,994	24,152
OPEB obligation	2,100,872	-	-	969,883	3,070,755
Total Noncurrent Liabilities	<u>2,130,081</u>	<u>-</u>	<u>-</u>	<u>979,877</u>	<u>3,109,958</u>
Total Liabilities	<u>2,479,199</u>	<u>5,000</u>	<u>481,541</u>	<u>981,464</u>	<u>3,947,204</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred amounts relating to pension	233,478	-	-	130,451	363,929
Deferred amounts relating to OPEB	126,262	-	-	64,531	190,793
Deferred amounts relating to life insurance	1,889	-	-	1,086	2,975
Unearned property tax revenue	9,210	-	299,000	-	308,210
Total Deferred Inflows of Resources	<u>370,839</u>	<u>-</u>	<u>299,000</u>	<u>196,068</u>	<u>865,907</u>
<b>NET POSITION</b>					
Net Investment in capital assets	8,720,066	1,985,315	2,810,405	67,344	13,583,130
Restricted for pension asset	87,190	-	-	61,986	149,176
Unrestricted (deficit)	<u>(2,507,102)</u>	<u>(1,438)</u>	<u>(97,337)</u>	<u>(288,720)</u>	<u>(2,894,597)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 6,300,154</u>	<u>\$ 1,983,877</u>	<u>\$ 2,713,068</u>	<u>\$ (159,390)</u>	<u>\$ 10,837,709</u>



**CITY OF RACINE**  
Nonmajor Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
For the Year Ended December 31, 2021

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 728,961	\$ -	\$ 106,025	\$ 154,809	\$ 989,795
Other	179	-	-	-	179
Total Operating Revenues	<u>729,140</u>	<u>-</u>	<u>106,025</u>	<u>154,809</u>	<u>989,974</u>
<b>OPERATING EXPENSES</b>					
Public Works	1,051,579	-	-	-	1,051,579
Public Safety	-	-	-	133,012	133,012
Education and recreation	-	1,650	421,603	-	423,253
Depreciation	<u>539,846</u>	<u>63,512</u>	<u>366,106</u>	<u>5,984</u>	<u>975,448</u>
Total Operating Expenses	<u>1,591,425</u>	<u>65,162</u>	<u>787,709</u>	<u>138,996</u>	<u>2,583,292</u>
Operating (Loss) Income	<u>(862,285)</u>	<u>(65,162)</u>	<u>(681,684)</u>	<u>15,813</u>	<u>(1,593,318)</u>
<b>NONOPERATING REVENUES</b>					
Investment income	(265)	(38)	-	(6,169)	(6,472)
Other	-	-	-	-	-
Tax levy	<u>9,210</u>	<u>-</u>	<u>296,000</u>	<u>-</u>	<u>305,210</u>
Total Nonoperating Revenues	<u>8,945</u>	<u>(38)</u>	<u>296,000</u>	<u>(6,169)</u>	<u>298,738</u>
(Loss) Income Before Transfers	<u>(853,340)</u>	<u>(65,200)</u>	<u>(385,684)</u>	<u>9,644</u>	<u>(1,294,580)</u>
<b>TRANSFERS IN</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(853,340)</u>	<u>(65,200)</u>	<u>(385,684)</u>	<u>9,644</u>	<u>(1,294,580)</u>
 TOTAL NET POSITION, Beginning 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>
 <b>TOTAL NET POSITION, END OF YEAR</b>	 <u>\$ 6,300,154</u>	 <u>\$ 1,983,877</u>	 <u>\$ 2,713,068</u>	 <u>\$ (159,390)</u>	 <u>\$ 10,837,709</u>

**CITY OF RACINE**  
Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2021

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 732,473	\$ -	\$ 97,760	\$ 169,744	\$ 999,977
Payments to suppliers	(697,366)	(1,650)	(404,732)	(112,774)	(1,216,522)
Payments to employees	(184,801)	-	-	(96,348)	(281,149)
Net Cash Flows From Operating Activities	(149,694)	(1,650)	(306,972)	(39,378)	(497,694)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating subsidies received-tax levy	9,210	-	296,000	-	305,210
Net Cash Flows From Noncapital Financing Activities	9,210	-	296,000	-	305,210
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Transfer from other funds for capital purposes	-	-	-	-	-
Capital donation	-	-	-	-	-
Acquisition and construction of capital assets	(33,031)	-	-	-	(33,031)
Net Cash Flows From Capital and Related Financing Activities	(33,031)	-	-	-	(33,031)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment Income	(265)	(38)	-	(6,169)	(6,472)
Net Cash Flows From Investing Activities	(265)	(38)	-	(6,169)	(6,472)
<b>Change in Cash and Cash Equivalents</b>	(173,780)	(1,688)	(10,972)	(45,547)	(231,987)
CASH AND CASH EQUIVALENTS - Beginning of Year	174,455	5,250	355,843	753,149	1,288,697
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 675</u>	<u>\$ 3,562</u>	<u>\$ 344,871</u>	<u>\$ 707,602</u>	<u>\$ 1,056,710</u>

**CITY OF RACINE**  
Nonmajor Enterprise Funds

**COMBINING STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2021

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>					
Operating income (loss) income provided	\$ (862,285)	\$ (65,162)	\$ (681,684)	\$ 15,813	\$ (1,593,318)
Adjustments to Reconcile Operating Loss to net cash flows from operating activities:					
Other postemployment benefits	-	-	-	-	-
Depreciation	539,846	63,512	366,106	5,984	975,448
Changes in assets, deferred outflows, liabilities, and deferred inflows					
Accounts receivable	3,334	-	(8,265)	14,839	9,908
Inventories	-	-	(389)	-	(389)
Prepaid items	-	-	365	-	365
Due from other funds	-	-	(3,000)	96	(2,904)
Pension activity	-	-	-	-	-
Accounts payable	(83,569)	-	7,013	11	(76,545)
Accrued liabilities	7,214	-	(6,762)	(14,512)	(14,060)
Deferred Outflows/Inflow activity	(78,081)	-	-	(61,609)	(139,690)
Due to other funds	323,847	-	19,644	-	343,491
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ (149,694)</u>	<u>\$ (1,650)</u>	<u>\$ (306,972)</u>	<u>\$ (39,378)</u>	<u>\$ (497,694)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
None		-			

# CITY OF RACINE

## Internal Service Funds

### COMBINING STATEMENT OF NET POSITION

As of December 31, 2021

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
<b>ASSETS</b>						
Current Assets						
Cash and investments	\$ 95,841	\$ -	\$ 87,215	\$ 13,226,002	\$ 187,839	\$ 13,596,897
Receivables						
Accounts	22,047	524,581	2,766	122,065	320	671,779
Inventories	428,757	-	-	-	-	428,757
Prepaid expenditures	-	-	-	-	-	-
Due from other funds	9,533	-	-	51,815	-	61,348
Total Current Assets	<u>556,178</u>	<u>524,581</u>	<u>89,981</u>	<u>13,399,882</u>	<u>188,159</u>	<u>14,758,781</u>
Noncurrent Assets						
Pension asset	472,290	243,862	294,090	-	-	1,010,242
Capital assets						
Land	32,879	-	-	-	-	32,879
Intangible assets	-	2,376,400	-	-	-	2,376,400
Buildings and land improvements	1,954,301	-	-	-	-	1,954,301
Equipment, furniture and vehicles	497,368	2,509,131	261,429	-	262,509	3,530,437
Less: Accumulated depreciation and amortization	<u>(1,887,228)</u>	<u>(2,637,932)</u>	<u>(253,426)</u>	<u>-</u>	<u>(262,509)</u>	<u>(5,041,095)</u>
	597,320	2,247,599	8,003	-	-	2,852,922
Construction in progress	-	-	-	-	-	-
Total Capital Assets (net of accumulated depreciation/amortization)	<u>597,320</u>	<u>2,247,599</u>	<u>8,003</u>	<u>-</u>	<u>-</u>	<u>2,852,922</u>
Total Assets	<u>\$ 1,625,788</u>	<u>\$ 3,016,042</u>	<u>\$ 392,074</u>	<u>\$ 13,399,882</u>	<u>\$ 188,159</u>	<u>\$ 18,621,945</u>
Deferred Outflows of Resources						
Deferred amounts relating to pension	\$ 803,248	\$ 392,123	\$ 494,204	\$ -	\$ -	\$ 1,689,575
Deferred amounts relating to life insurance	34,075	16,931	21,349	-	-	72,355
Total Deferred Outflows of Resources	<u>\$ 837,323</u>	<u>\$ 409,054</u>	<u>\$ 515,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,761,930</u>

# CITY OF RACINE

## Internal Service Funds

### COMBINING STATEMENT OF NET POSITION

As of December 31, 2021

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable	\$ 41,454	\$ 480,892	\$ 47,443	\$ 281,762	\$ 58,000	\$ 909,551
Accrued liabilities	30,375	13,491	19,355	881,713	-	944,934
Due to other funds	-	538,455	15,199	-	-	553,654
Total Current Liabilities	<u>71,829</u>	<u>1,032,838</u>	<u>81,997</u>	<u>1,163,475</u>	<u>58,000</u>	<u>2,408,139</u>
Noncurrent Liabilities						
Life insurance liability	76,898	39,420	47,748	-	-	164,066
Compensated absences	43,893	4,137	23,495	-	-	71,525
Total Noncurrent Liabilities	<u>120,791</u>	<u>43,557</u>	<u>71,243</u>	<u>-</u>	<u>-</u>	<u>235,591</u>
Total Liabilities	<u>192,620</u>	<u>1,076,395</u>	<u>153,240</u>	<u>1,163,475</u>	<u>58,000</u>	<u>2,643,730</u>
Deferred Inflows of Resources						
Deferred amounts relating to pension	993,295	542,749	635,747	-	-	2,171,791
Deferred amounts relating to life insurance	8,913	4,333	5,594	-	-	18,840
Total Deferred Inflows of Resources	<u>1,002,208</u>	<u>547,082</u>	<u>641,341</u>	<u>-</u>	<u>-</u>	<u>2,190,631</u>
<b>NET POSITION</b>						
Net investment in capital assets	597,320	2,247,599	8,003	-	-	2,852,922
Restricted for pension asset	472,290	243,862	294,090	-	-	1,010,242
Unrestricted	198,673	(689,842)	(189,047)	12,236,407	130,159	11,686,350
<b>TOTAL NET POSITION</b>	<u>\$ 1,268,283</u>	<u>\$ 1,801,619</u>	<u>\$ 113,046</u>	<u>\$ 12,236,407</u>	<u>\$ 130,159</u>	<u>\$ 15,549,514</u>

# CITY OF RACINE

## Internal Service Funds

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

For the year ended December 31, 2021

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
<b>OPERATING REVENUES</b>						
Charges for services and sales						
Labor, fuel, parts and equipment charges	\$ 3,964,295	\$ -	\$ -	\$ -	\$ -	\$ 3,964,295
Health insurance premiums	-	-	-	19,901,561	-	19,901,561
Telephone service sales	-	-	-	-	116,145	116,145
Computer service sales	-	1,962,987	-	-	-	1,962,987
Facilities rent	-	-	2,988,461	-	-	2,988,461
Other	3,698	50	1,579	9	-	5,336
Total Operating Revenues	<u>3,967,993</u>	<u>1,963,037</u>	<u>2,990,040</u>	<u>19,901,570</u>	<u>116,145</u>	<u>28,938,785</u>
<b>OPERATING EXPENSES</b>						
Public Works						
Operating supplies and expenses	3,937,472	-	2,797,192	-	-	6,734,664
General administration						
Telephone expenses	-	-	-	-	110,042	110,042
Health insurance	-	-	-	15,885,245	-	15,885,245
Information systems	-	2,517,055	-	-	-	2,517,055
Depreciation and amortization	87,893	414,890	14,641	-	975	518,399
Total Operating Expenses	<u>4,025,365</u>	<u>2,931,945</u>	<u>2,811,833</u>	<u>15,885,245</u>	<u>111,017</u>	<u>25,765,405</u>
Operating (Loss) Income Before Transfers	(57,372)	(968,908)	178,207	4,016,325	5,128	3,173,380
<b>TRANSFER IN</b>	<u>-</u>	<u>1,591,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,591,248</u>
Change in Net Position	(57,372)	622,340	178,207	4,016,325	5,128	4,764,628
TOTAL NET POSITION, Beginning 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>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 1,268,283</u>	<u>\$ 1,801,619</u>	<u>\$ 113,046</u>	<u>\$ 12,236,407</u>	<u>\$ 130,159</u>	<u>\$ 15,549,514</u>

# CITY OF RACINE

## Internal Service Funds

### COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 3,955,494	\$ 1,963,037	\$ 2,988,960	\$ 19,903,378	\$ 124,951	\$ 28,935,820
Payments to suppliers	(2,272,577)	(1,936,813)	(1,926,529)	(14,676,705)	(171,840)	(20,984,464)
Payments to employees	(1,798,770)	(820,586)	(1,044,729)	(1,105,326)	-	(4,769,411)
Net Cash Flows From Operating Activities	(115,853)	(794,362)	17,702	4,121,347	(46,889)	3,181,945
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Transfer from other funds for capital purposes	-	1,591,248	-	-	-	1,591,248
Acquisition and construction of capital assets	-	(796,886)	-	-	-	(796,886)
Net Cash Flows From Capital and Related Financing Activities	-	794,362	-	-	-	794,362
<b>Change in Cash and Cash Equivalents</b>	(115,853)	-	17,702	4,121,347	(46,889)	3,976,307
CASH AND CASH EQUIVALENTS - Beginning of Year	211,694	-	69,513	9,104,655	234,728	9,620,590
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 95,841</u>	<u>\$ -</u>	<u>\$ 87,215</u>	<u>\$ 13,226,002</u>	<u>\$ 187,839</u>	<u>\$ 13,596,897</u>

# CITY OF RACINE

## Internal Service Funds

### COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021

#### RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED FLOWS FROM OPERATING ACTIVITIES:

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
Operating (Loss) Income	\$ (57,372)	\$ (968,908)	\$ 178,207	\$ 4,016,325	\$ 5,128	\$ 3,173,380
Adjustments to Reconcile Operating (Loss) Income to Net Cash						
Flows From Operating Activities						
Other post employment benefits	-	-	-	-	-	-
Depreciation/Amortization expense	87,893	414,890	14,641	-	975	518,399
Changes in assets, deferred outflows, liabilities, and deferred inflows						
Accounts receivable	(12,386)	-	(1,080)	44,467	3,220	34,221
Inventories and prepaids	21,115	-	-	-	-	21,115
Due from other funds	(112)	-	-	(42,659)	5,586	(37,185)
Pension benefits	-	-	-	-	-	-
Changes in deferred outflows/inflows	(117,075)	(52,966)	(73,009)	-	-	(243,050)
Accounts payable	(25,341)	(135,248)	(85,013)	(76,233)	(61,798)	(383,633)
Accrued liabilities	(12,575)	(2,714)	(23,084)	179,447	-	141,074
Due to other funds	-	(49,416)	7,040	-	-	(42,376)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>\$ (115,853)</b>	<b>\$ (794,362)</b>	<b>\$ 17,702</b>	<b>\$ 4,121,347</b>	<b>\$ (46,889)</b>	<b>\$ 3,181,945</b>

#### NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

None



**CITY OF RACINE**

Component Unit

**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2021

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	<u>Redevelopment Authority</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 291,176
Payments to suppliers	<u>(358,592)</u>
Net Cash Flows From Operating Activities	<u>(67,416)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>ACTIVITIES</b>	
Investment Income	<u>(24,687)</u>
Net Cash Flows From Capital and Related Investing Activities	<u>(24,687)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING</b>	
<b>ACTIVITIES</b>	
Proceeds from sale of assets	-
Operating subsidies received-City	<u>-</u>
Net Cash Flows From Noncapital and Related Financing Activities	<u>-</u>
<b>Change in Cash and Cash Equivalents</b>	(92,103)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>837,460</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 745,357</u>

# CITY OF RACINE

Component Unit

## STATEMENT OF CASH FLOWS For the Year Ended December 31, 2021

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	<u>Redevelopment Authority</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED FLOWS FROM OPERATING ACTIVITIES:</b>	
Operating Loss	\$ (50,129)
Adjustments to Reconcile Operating Loss to Net Cash	
Changes in assets and liabilities	
Accounts receivable	-
Customer deposits	-
Due to City	-
Accounts payable	(17,287)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>\$ (67,416)</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None	