

# **CITY OF RACINE**

Racine, Wisconsin

## **FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2022

# CITY OF RACINE

## TABLE OF CONTENTS As of and for the Year Ended December 31, 2022

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Independent Auditors' Report	1 – 3
Management's Discussion and Analysis – Required Supplementary Information	4 – 16
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18 – 19
Fund Financial Statements	
Balance Sheet – Governmental Funds	20
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	21 – 22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenses, and Changes in Fund Balances – Budget and Actual – General Fund	24
Statement of Net Position – Proprietary Funds	25 – 26
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	27 – 28
Statement of Cash Flows – Proprietary Funds	29 – 31
Statement of Fiduciary Net Position – Fiduciary Fund	32
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	33
Notes to Financial Statements	34 – 109
Required Supplementary Information	
Schedule of Changes in the Total OPEB Health Insurance Liability and Related Ratios	110
Schedule of Proportionate Share of the Net OPEB Liability and Employer Contributions	111
Schedule of Proportionate Share of the Net Pension Liability (Asset) – Wisconsin Retirement System	112
Schedule of Employer Contributions – Wisconsin Retirement System	112
Schedule of the Employers Required Contributions – Pension Plan	113
Notes to Required Supplementary Information	114 – 115
Supplementary Information	
Nonmajor Governmental Funds	
Combining Balance Sheet	116 – 119
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	120 – 124

# CITY OF RACINE

## TABLE OF CONTENTS As of and for the Year Ended December 31, 2022

---

Supplementary Information (cont.)	
Special Revenue Funds	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	125 – 129
Debt Service Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	130
Capital Projects Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	131 – 132
Nonmajor Enterprise Funds	
Combining Statement of Net Position	133 – 134
Combining Statement of Revenues, Expenses and Changes in Net Position	135
Combining Statement of Cash Flows	136 – 137
Internal Service Funds	
Combining Statement of Net Position	138 – 139
Combining Statement of Revenues, Expenses and Changes in Net Position	140
Combining Statement of Cash Flows	141 – 142
Component Unit	
Statement of Cash Flows – Community Authority	143 – 144

## **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, 2022, 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, 2022 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, 80 percent and 75 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*.

#### ***Emphasis of Matter***

As discussed in Note I, the City adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

### ***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 28, 2023 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.

*Baker Tilly US, LLP*

Milwaukee, Wisconsin  
July 28, 2023

**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, 2022.

**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 \$264,242,283 (net position).
- The City's total net position increased by \$46,565,214.
- As of the close of the current fiscal year, the City of Racine's governmental funds reported combined ending fund balances of \$97,792,584, an increase of \$821,193, in comparison with the prior year. Approximately 22.18% of this amount, \$21,694,914, 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 \$21,694,914 or 25% of total general fund expenditures.
- Total long-term obligations increased by approximately \$23.9 million for the fiscal year ended December 31, 2022. Long-term obligation activity during the year included the following:
  - \$14.720 million note anticipation notes issued for capital project purposes.
  - \$14.655 million of general obligation refunding bonds issued to current refund the \$14.720 million note anticipation note.
  - Principal paid on general obligation outstanding debt was \$30.8 million
  - Principal paid on revenue obligations outstanding was \$10.1 million
  - Net OPEB obligation increased by approximately \$35 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 34-109 of this report.

**Other Information**

The combining statements referred to earlier in connection with nonmajor governmental and proprietary funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 110-143 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, 2022 and 2021 City's assets exceeded liabilities by \$264,242,283 and \$217,677,069 (as restated) 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 \$424,273,900 and \$397,215,618 at December 31, 2022 and 2021.

An additional portion of the City of Racine's 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 \$96,282,878 and \$91,977,464 and unrestricted net position was \$(256,314,495) and \$(270,994,105) as of December 31, 2022 and 2021 respectively.

The City's governmental activities had a deficit unrestricted net position of \$(217,545,702) and \$(225,545,216) as of December 31, 2022 and 2021 respectively. The deficit is primarily the result of the City's OPEB obligation.

The City's total healthcare OPEB obligation was \$337,068,554 and \$303,872,323 as of December 31, 2022 and 2021 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, 2022 and 2021. Amounts are expressed in thousands.

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
Current and other assets	\$ 277,707	\$ 248,062	\$ 77,243	\$ 88,013	\$ 354,950	\$ 336,075
Capital assets	<u>206,639</u>	<u>201,789</u>	<u>369,788</u>	<u>346,825</u>	<u>576,427</u>	<u>548,614</u>
Total assets	<u>484,346</u>	<u>449,851</u>	<u>447,031</u>	<u>434,838</u>	<u>931,377</u>	<u>884,689</u>
Deferred outflows of resources	<u>117,965</u>	<u>78,035</u>	<u>16,046</u>	<u>11,805</u>	<u>134,011</u>	<u>89,840</u>
Current and other liabilities	46,921	25,166	6,203	10,614	53,124	35,780
Liabilities payable from restricted assets	-	-	8,305	14,633	8,305	14,633
Long-term liabilities	<u>408,974</u>	<u>378,974</u>	<u>151,579</u>	<u>156,125</u>	<u>560,553</u>	<u>535,099</u>
Total liabilities	<u>455,895</u>	<u>404,140</u>	<u>166,087</u>	<u>181,372</u>	<u>621,982</u>	<u>585,512</u>
Deferred inflows of resources	<u>161,099</u>	<u>153,457</u>	<u>18,065</u>	<u>17,344</u>	<u>179,164</u>	<u>170,801</u>
Net position:						
Net Investment in capital assets	117,366	117,131	310,386	283,829	427,752	317,297
Restricted	85,497	78,703	10,786	13,275	96,283	91,978
Unrestricted	<u>(217,546)</u>	<u>(225,545)</u>	<u>(42,247)</u>	<u>(49,716)</u>	<u>(259,793)</u>	<u>(255,129)</u>
Total net position	<u>\$ (14,683)</u>	<u>\$ (29,711)</u>	<u>\$ 278,925</u>	<u>\$ 247,388</u>	<u>\$ 264,242</u>	<u>\$ 217,677</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, 2022 and 2021. Amounts are expressed in thousands.

	2022 Governmental Activities	2021 Governmental Activities	2022 Business-Type Activities	2021 Business-Type Activities	2022 Total	2021 Total
<b>Revenues</b>						
Charges for services	\$ 19,963	\$ 20,446	\$ 45,769	\$ 44,918	\$ 65,732	\$ 65,364
Operating grants and contributions	19,788	26,263	8,838	8,653	28,626	34,916
Capital grants and contributions	217	337	28,377	30,722	28,594	31,059
Taxes	61,738	59,712	1,090	1,087	62,828	60,799
Intergovernmental revenues not restricted to specific programs	33,504	33,292	-	-	33,504	33,292
Investment income	(3,427)	(687)	89	45	(3,338)	(642)
Other	499	2,021	17	11	516	2,032
Total revenues	<u>132,282</u>	<u>141,384</u>	<u>84,180</u>	<u>85,436</u>	<u>216,462</u>	<u>226,820</u>
<b>Expenses</b>						
General government	16,299	12,416	-	-	16,299	12,416
Community development	9,412	14,215	-	-	9,412	14,215
Health	3,046	4,781	-	-	3,046	4,781
Education and recreation	16,198	12,977	-	-	16,198	12,977
Public works	23,373	23,561	-	-	23,373	23,561
Public safety	47,314	32,461	-	-	47,314	32,461
Interest and fiscal charges	4,253	3,937	-	-	4,253	3,937
Water	-	-	15,659	17,307	15,659	17,307
Wastewater	-	-	12,071	12,708	12,071	12,708
Storm Water	-	-	6,786	5,626	6,786	5,626
Belle urban system	-	-	12,958	10,674	12,958	10,674
Other	-	-	2,528	2,583	2,528	2,583
Total expenses	<u>119,895</u>	<u>104,348</u>	<u>50,002</u>	<u>48,898</u>	<u>169,897</u>	<u>153,246</u>
Increase (decrease) in net position before transfers	12,387	37,036	34,178	36,538	46,565	73,574
Transfers	<u>2,641</u>	<u>4,787</u>	<u>(2,641)</u>	<u>(4,787)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	15,028	41,823	31,537	31,751	46,565	73,574
Net position-beginning of year	<u>(29,711)</u>	<u>(71,534)</u>	<u>247,388</u>	<u>215,637</u>	<u>217,677</u>	<u>144,103</u>
Net position-end of year	<u>\$ (14,683)</u>	<u>\$ (29,711)</u>	<u>\$ 278,925</u>	<u>\$ 247,388</u>	<u>\$ 264,242</u>	<u>\$ 217,677</u>

# CITY OF RACINE

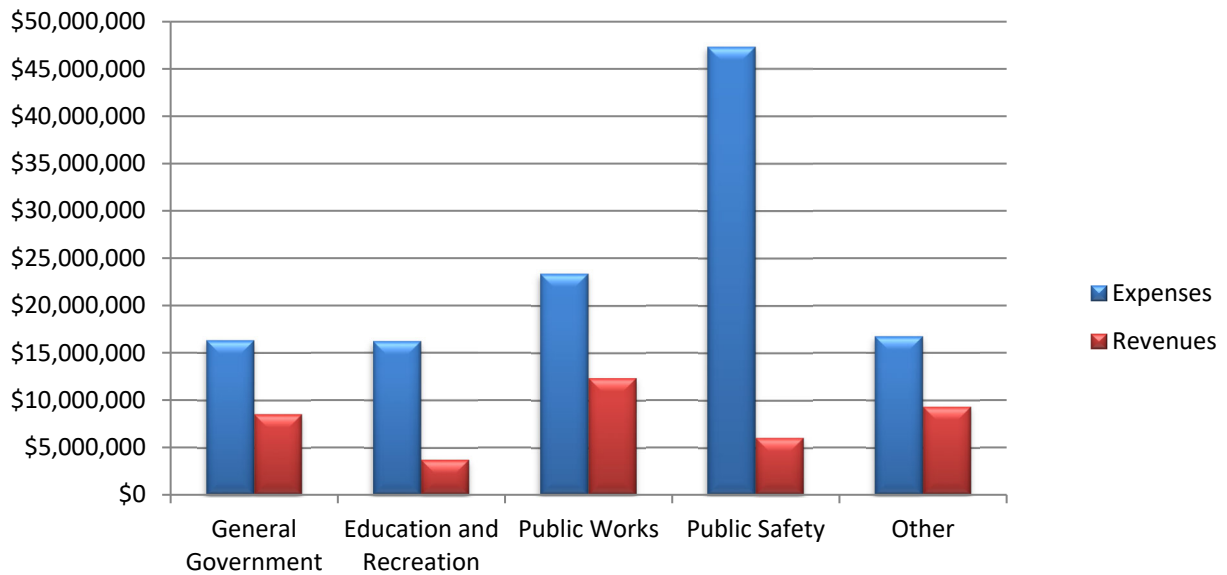
Racine, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### Governmental Activities

The net position in the governmental activities increased by approximately \$15 million during the fiscal year, primarily relating to the infusion of over \$10 million of American Rescue Plan funds.

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



## CITY OF RACINE

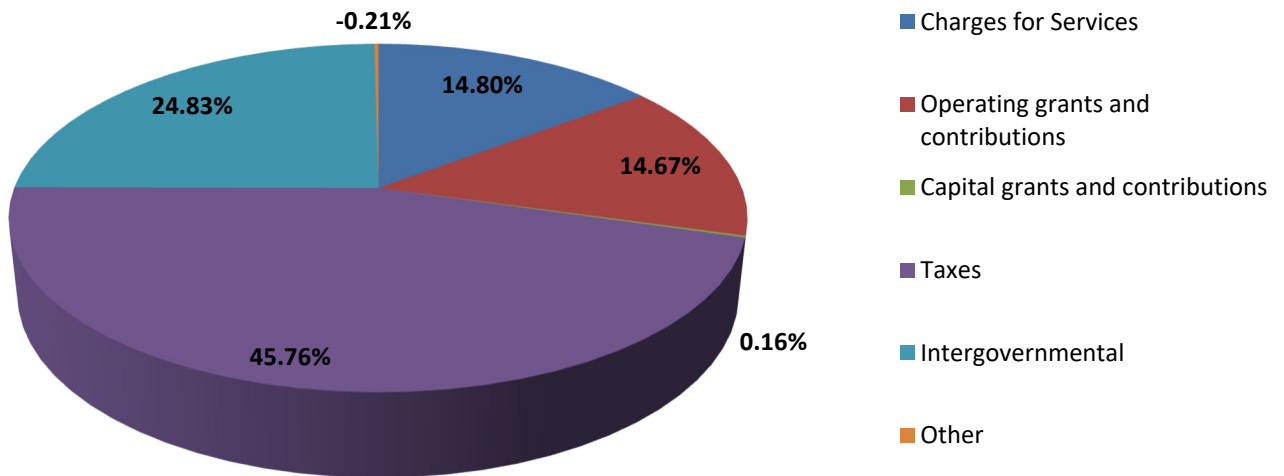
Racine, Wisconsin

### 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 \$31.5 million during the fiscal year 2022. Key elements of this increase are as follows:

- The Water utility had an increase in net position of \$29.3 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.

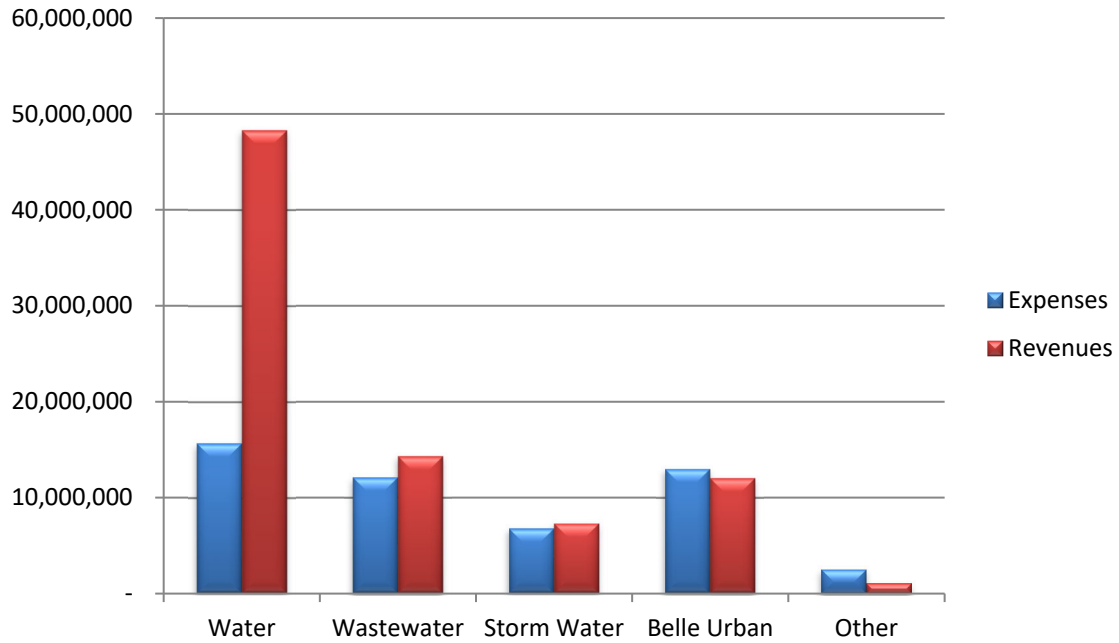
# CITY OF RACINE

Racine, Wisconsin

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

### Business-type activities (cont.)

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



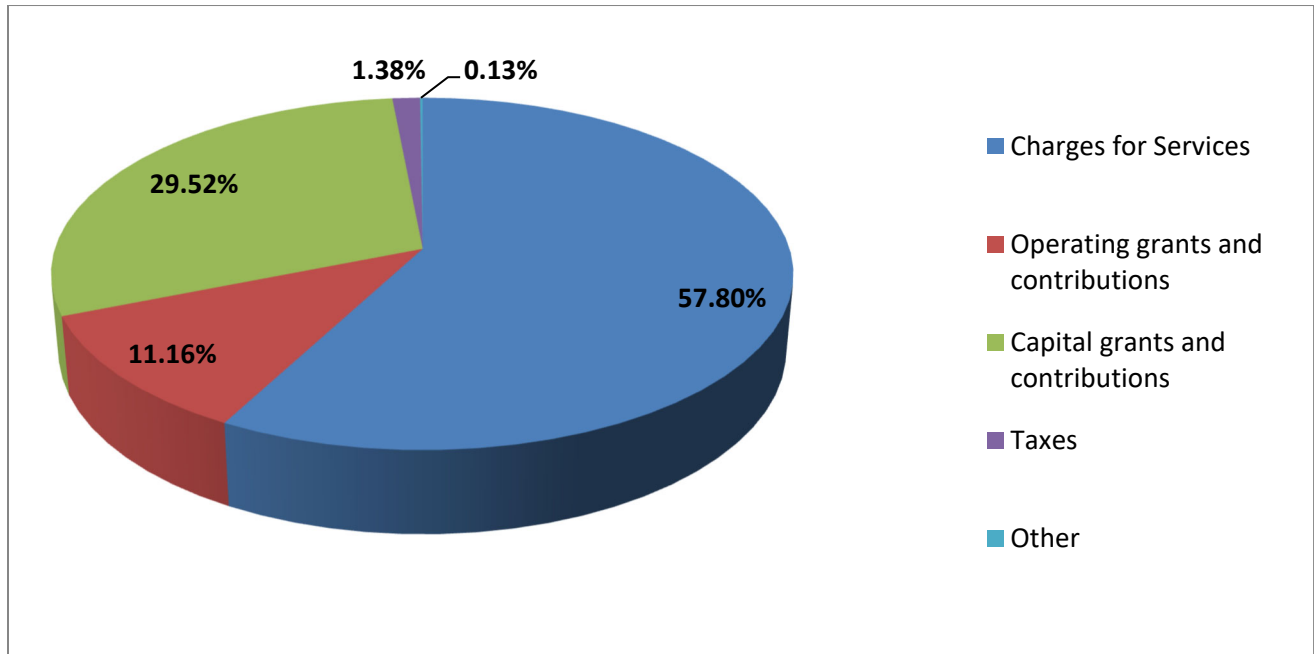
**CITY OF RACINE**  
Racine, Wisconsin

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 \$97,792,584. Approximately 22.18% of this amount, \$21,694,914, 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 \$21,694,914, while total fund balance totaled \$44,280,652. Unassigned fund balance represents 25.00% of total general fund expenditures, while total fund balance represents 51.6% 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 \$18,303,321 at December 31, 2022 of which \$4,338,983 was assigned for wage and benefit provision and \$13,964,338 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 \$3,120,364 of fund balances during 2022, the general fund used only \$2,132,136. The prior reason for the use of fund balance was for retroactive wage payments for public safety. In addition the general fund, saw a significant impact to interest income, classified in the other revenue category. This negative impact was a result of a noncash market value adjustment on our long-term investments.

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, 2022 and 2021 of \$458,735 and \$353,849, 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, 2022 and 2021 of \$6,938,031 and \$4,603,843, all of which is restricted for development within the districts. The increase in fund balance in the Tax Incremental District fund is due to a significant increase in development activity in the City of Racine and the creation of neighborhood TID's.

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 \$46,115,166 and \$45,600,911 in 2022 and 2021 respectively. The fund balances of these funds increased by \$514,255. This slight increase is a result of unspent revenues in bond funds and intergovernmental which were offset by significant spending in the library trust and endowment funds.

**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 2022 and 2021 amounted to \$(2,095,989) and \$(9,416,782), for the Wastewater utility \$(35,310,293) and \$(35,033,828), for the Storm water utility \$(1,256,819) and \$(1,235,329), for the Belle urban system \$(1,218,991) and \$(613,041), and for the other enterprise funds \$(2,365,405) and \$(2,894,597). The total change in net position for the Water Utility for 2022 and 2021 was \$29,353,301 and \$22,468,413, the Wastewater Utility \$1,773,689 and \$1,708,779, the Storm water Utility \$394,401 and \$809,892, for the Belle urban system \$412,215 and \$8,580,006, and for the Other Enterprise funds \$(396,741) and \$(1,294,580) 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 net investment in capital assets for its governmental and business-type activities as of December 31, 2022 and 2021 amounted to \$424,273,900 and \$397,215,618 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, 2022 and 2021, capital assets, net of accumulated depreciation totaled \$576,427,346 and \$546,899,931 respectively. Capital assets, net of accumulated depreciation increased approximately \$29 million in 2022 and approximately \$20 million in 2021, largely due to infrastructure additions in the Water Utility and State Highway projects.

*Long-term debt* – At the end of 2022 and 2021, the City of Racine had total general obligation and revenue bond debt outstanding of \$167,484,925 and \$178,889,380. Of this amount, the debt backed by the full faith and credit of the government is \$99,020,000 and \$100,435,000 in 2022 and 2021 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 \$11 million in 2022.

	<u>Outstanding debt</u>	
	<u>2022</u>	<u>2021</u>
Governmental Activities:		
General obligation bonds and notes	\$ 99,020,000	\$ 100,435,000
Business-Type Activities:		
Revenue bonds	<u>68,464,925</u>	<u>78,454,380</u>
Total	<u>\$ 167,484,925</u>	<u>\$ 178,889,380</u>

**CITY OF RACINE**  
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

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**Economic Conditions and 2022 and 2023 Budget Outlook**

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 and inflationary pressures in all areas.

The City has been allocated funds through the American Rescue Plan Act on March 11, 2022 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 2021. 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 the assessed value is on the rise. The assessed value rose again for the 2022 tax roll to the highest level recorded, \$4.16B, and is expected to increase another 7% for the 2023 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. Home values continue to be affordable compared to our neighbors, but home sales and home values are on the rise.

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 2023 and 2024.

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 saw 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 2023 budget. The City used slightly over \$4.5 million of general fund, debt service fund, internal service and other operational fund balances to fund operations in the 2023 budget, however, the City has over \$13 million of fund balance set aside for future years budget stabilization. The 2023 City tax rate was \$13.66 per thousand, the lowest rate in over 15 years. 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 2022 and 2023 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, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Business Improvement District	Community Development Authority
<b>ASSETS</b>					
Cash and investments	\$ 122,199,326	\$ 29,646,130	\$ 151,845,456	\$ 111,418	\$ 1,444,632
Receivables, net of allowance for uncollectible accounts	91,066,155	11,780,016	102,846,171	213,136	2,384
Internal balances	17,044,098	(17,044,098)	-	-	-
Due from other governments	3,994,819	11,208,435	15,203,254	-	-
Inventories	1,153,426	1,118,654	2,272,080	-	-
Prepaid items	1,161,982	2,451	1,164,433	-	-
Advances to component unit	2,286,585	-	2,286,585	-	-
Restricted assets					
Cash and investments	-	21,020,254	21,020,254	-	-
Plant capacity receivable, current portion	-	824,737	824,737	-	-
Plant capacity receivable, long term	-	11,196,116	11,196,116	-	-
Pension asset	35,452,814	4,074,899	39,527,713	-	-
Deposit in CVMIC	2,962,500	-	2,962,500	-	-
Assets held for resale	385,000	-	385,000	-	5,622,831
Other assets-lease receivable	-	3,415,294	3,415,294	-	-
Capital assets					
Land	25,256,315	5,301,753	30,558,068	-	-
Construction in progress	26,342,244	12,509,200	38,851,444	-	-
Other capital assets, net of accumulated depreciation/amortization	-	-	-	-	-
Total Assets	<u>155,040,838</u>	<u>351,976,996</u>	<u>507,017,834</u>	<u>5,028</u>	<u>-</u>
	<u>484,346,102</u>	<u>447,030,837</u>	<u>931,376,939</u>	<u>329,582</u>	<u>7,069,847</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amounts relating to pension	69,155,554	7,875,794	77,031,348	-	-
Deferred amounts relating to health OPEB	46,587,268	7,493,201	54,080,469	-	-
Deferred amounts relating to life insurance OPEB	1,536,054	370,491	1,906,545	-	-
Unamortized loss on refunding	<u>686,324</u>	<u>309,039</u>	<u>995,363</u>	<u>-</u>	<u>-</u>
	<u>117,965,200</u>	<u>16,048,525</u>	<u>134,013,725</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>					
Accounts payable	8,757,845	2,642,109	11,399,954	12,118	304,631
Accrued compensation and other current liabilities	7,591,083	545,549	8,136,632	-	40,800
Due to other governments	128,791	3,015,125	3,143,916	-	-
Accrued interest payable	456,618	-	456,618	-	-
Deferred revenue	29,986,667	-	29,986,667	-	-
Liabilities payable from restricted assets					
Accrued interest payable	-	647,458	647,458	-	-
Unearned capacity revenue	-	1,551,057	1,551,057	-	-
Current portion of long term debt	-	5,116,803	5,116,803	-	-
Noncurrent liabilities					
Total health OPEB liability	297,628,115	39,440,439	337,068,554	-	-
Net life insurance liability	4,479,522	989,964	5,469,486	-	-
Unearned capacity revenue	-	43,413,906	43,413,906	-	-
Due to other governments	-	-	-	-	-
Due within one year	20,966,799	-	20,966,799	-	-
Due in more than one year	<u>85,899,996</u>	<u>68,724,880</u>	<u>154,624,876</u>	<u>-</u>	<u>2,286,585</u>
Total Liabilities	<u>455,895,436</u>	<u>166,087,290</u>	<u>621,982,726</u>	<u>12,118</u>	<u>2,632,016</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred amounts relating to pension	83,353,610	9,802,505	93,156,115	-	-
Deferred amounts relating to leases	-	3,447,864	3,447,864	-	-
Deferred amounts relating to health OPEB	12,516,635	3,302,563	15,819,198	-	-
Deferred amounts relating to life insurance OPEB	646,877	157,449	804,326	-	-
Rate Stabilization Fund	-	-	-	-	-
Unearned revenue	<u>64,581,442</u>	<u>1,356,710</u>	<u>65,938,152</u>	<u>213,136</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>161,098,564</u>	<u>18,067,091</u>	<u>179,165,655</u>	<u>213,136</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	117,366,335	310,386,269	424,273,900	5,028	-
Restricted for					
Debt service	2,117	-	2,117	-	-
Permanent funds	2,069,459	-	2,069,459	-	-
Library	210,365	-	210,365	-	-
HUD Loan Programs	6,908,161	-	6,908,161	-	-
Tax increment districts	19,326,281	-	19,326,281	-	-
Intergovernmental revenue sharing	15,363,230	-	15,363,230	-	-
Federal and State grant programs	2,735,943	-	2,735,943	-	-
Trusts	1,394,919	-	1,394,919	-	-
Special assessment program	1,176,389	-	1,176,389	-	-
Health, public safety, and parks programs	856,991	-	856,991	-	-
Pension Asset	35,452,814	4,074,899	39,527,713	-	-
Water	-	2,475,925	2,475,925	-	-
Wastewater	-	4,235,385	4,235,385	-	-
Unrestricted (deficit)	<u>(217,545,702)</u>	<u>(42,247,497)</u>	<u>(256,314,495)</u>	<u>99,300</u>	<u>4,437,831</u>
<b>TOTAL NET POSITION</b>	<u>\$ (14,682,698)</u>	<u>\$ 278,924,981</u>	<u>\$ 264,242,283</u>	<u>\$ 104,328</u>	<u>\$ 4,437,831</u>

See accompanying notes to financial statements.

# CITY OF RACINE

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2022

	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>Functions/Programs</b>									
<b>Primary Government</b>									
Governmental activities									
General government	\$ 16,298,737	\$ 1,491,605	\$ 7,025,533	\$ -	\$ (7,781,599)	\$ -	\$ (7,781,599)	\$ -	\$ -
Community development	9,411,593	1,648,423	5,771,424	217,218	(1,774,528)	-	(1,774,528)	-	-
Health	3,046,489	375,405	1,305,807	-	(1,365,277)	-	(1,365,277)	-	-
Education and recreation	16,197,932	907,646	2,819,927	-	(12,470,359)	-	(12,470,359)	-	-
Public works	23,372,607	10,521,173	1,832,278	-	(11,019,156)	-	(11,019,156)	-	-
Public safety	47,314,418	5,018,913	1,033,455	-	(41,262,050)	-	(41,262,050)	-	-
Interest and fiscal charges	4,253,225	-	-	-	(4,253,225)	-	(4,253,225)	-	-
Total Governmental Activities	119,895,001	19,963,165	19,788,424	217,218	(79,926,194)	-	(79,926,194)	-	-
Business type activities									
Water	15,658,636	24,477,626	-	23,809,887	-	32,628,877	32,628,877	-	-
Wastewater	12,071,109	11,737,133	-	2,541,780	-	2,207,804	2,207,804	-	-
Storm Water	6,786,197	7,314,305	614	-	-	528,722	528,722	-	-
Belle Urban Transit	12,957,849	1,143,018	8,837,484	2,025,238	-	(952,109)	(952,109)	-	-
Other	2,527,947	1,096,861	-	-	-	(1,431,086)	(1,431,086)	-	-
Total Business Type Activities	50,001,738	45,768,943	8,838,098	28,376,905	-	32,982,208	32,982,208	-	-
Total Primary Government	\$ 169,896,739	\$ 65,732,108	\$ 28,626,522	\$ 28,594,123	(79,926,194)	32,982,208	(46,943,986)	-	-

See accompanying notes to financial statements.

# CITY OF RACINE

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2022

	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	\$ 186,293	\$ -	\$ -	\$ -	-	-	-	(186,293)	-
Redevelopment Authority	1,300,296	-	1,347,402	169,907	-	-	-	-	217,013
	<u>\$ 1,486,589</u>	<u>\$ -</u>	<u>\$ 1,347,402</u>	<u>\$ 169,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(186,293)</u>	<u>217,013</u>
<b>General Revenues</b>									
Taxes									
Property taxes, levied for general purposes					36,811,893	1,090,210	37,902,103	202,400	-
Property taxes levied, for debt service					18,600,000	-	18,600,000	-	-
Property taxes, levied for TIF					5,272,425	-	5,272,425	-	-
Other taxes					1,053,150	-	1,053,150	-	-
Intergovernmental revenues not restricted to specific programs					33,503,972	-	33,503,972	-	-
Investment income					(3,426,819)	88,891	(3,337,928)	10	(22,898)
Other					498,956	16,522	515,478	4,500	204,513
Transfers					2,640,966	(2,640,966)	-	-	-
Total General Revenues and Transfers					<u>94,954,543</u>	<u>(1,445,343)</u>	<u>93,509,200</u>	<u>206,910</u>	<u>181,615</u>
<b>Change in net position</b>					15,028,349	31,536,865	46,565,214	20,617	398,628
NET POSITION - Beginning of Year (As restated)					<u>(29,711,047)</u>	<u>247,388,116</u>	<u>217,677,069</u>	<u>83,711</u>	<u>4,039,203</u>
<b>NET POSITION - END OF YEAR</b>					<u>\$ (14,682,698)</u>	<u>\$ 278,924,981</u>	<u>\$ 264,242,283</u>	<u>\$ 104,328</u>	<u>\$ 4,437,831</u>

See accompanying notes to financial statements.

**CITY OF RACINE**  
Governmental Funds

**BALANCE SHEET**  
As of December 31, 2022

	General Fund	Special Revenue Fund ARPA	Debt Service	Capital Project Fund Tax Incremental Districts	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>						
Cash and investments	\$ 28,197,677	\$ 28,953,517	\$ 458,735	\$ 14,759,965	\$ 34,633,741	\$ 107,003,635
Receivables						
Taxes	39,678,308	-	18,600,000	3,449,741	6,872,843	68,600,892
Special assessments						
and special charges - tax roll	-	-	-	-	361,348	361,348
Special assessments	-	-	-	-	1,040,771	1,040,771
Delinquent personal property taxes	11,766	-	-	-	-	11,766
Loans and notes	-	-	-	12,388,250	5,583,292	17,971,542
Accrued interest	165,264	-	-	-	242,509	407,773
Accounts	1,771,417	-	-	81,250	315,289	2,167,956
Total Receivables - Net	41,626,755	-	18,600,000	15,919,241	14,416,052	90,562,048
Due from other funds	18,735,040	-	-	-	6,320,203	25,055,243
Due from other governments	-	-	-	19,622	3,975,197	3,994,819
Inventories	594,420	-	-	-	-	594,420
Prepaid items	69,874	1,089,428	-	-	2,680	1,161,982
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	-	-	-	-	9,895,518	9,895,518
<b>TOTAL ASSETS</b>	<b>\$ 92,186,266</b>	<b>\$ 30,042,945</b>	<b>\$ 19,058,735</b>	<b>\$ 32,889,581</b>	<b>\$ 69,724,223</b>	<b>\$ 243,901,750</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>						
<b>Liabilities</b>						
Accounts payable	\$ 2,297,452	\$ 52,392	\$ -	\$ 182,377	\$ 5,441,371	\$ 7,973,592
Accrued liabilities	4,850,306	3,886	-	35,664	392,497	5,282,353
Due to other funds	4,543,038	-	-	-	3,188,750	7,731,788
Due to other governments	108,841	-	-	-	19,950	128,791
Unearned revenues	-	29,986,667	-	-	-	29,986,667
Insurance claims payable	1,516,127	-	-	-	-	1,516,127
Advances from other funds	-	-	-	9,895,518	-	9,895,518
Total Liabilities	13,315,764	30,042,945	-	10,113,559	9,042,568	62,514,836
<b>Deferred Inflows of Resources</b>						
Unavailable revenue	-	-	-	12,388,250	6,624,638	19,012,888
Unearned interest/revenue	-	-	-	-	707,660	707,660
Unearned property tax revenue	34,589,850	-	18,600,000	3,449,741	7,234,191	63,873,782
Total Deferred Inflows of Resources	34,589,850	-	18,600,000	15,837,991	14,566,489	83,594,330
<b>Fund Balances (Deficits)</b>						
Nonspendable	4,282,417	-	-	-	-	4,282,417
Restricted	-	-	458,735	6,938,031	24,090,819	31,487,585
Committed	-	-	-	-	21,973,772	21,973,772
Assigned	18,303,321	-	-	-	50,575	18,353,896
Unassigned (deficit)	21,694,914	-	-	-	-	21,694,914
Total Fund Balances (Deficits)	44,280,652	-	458,735	6,938,031	46,115,166	97,792,584
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)</b>	<b>\$ 92,186,266</b>	<b>\$ 30,042,945</b>	<b>\$ 19,058,735</b>	<b>\$ 32,889,581</b>	<b>\$ 69,724,223</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)	203,594,237
Internal service fund net position.	18,022,049
Pension Asset, Deferred Outflows and Deferred Inflows of Resources	20,481,658
OPEB Health Liability, Deferred Outflows and Deferred Inflows of Resources	(263,557,482)
Life Insurance Liability, Deferred Outflows and Deferred Inflows of Resources	(3,459,625)
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)	19,012,888
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)	(106,569,007)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ (14,682,698)</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, 2022

	General Fund	Special Revenue Fund ARPA	Debt Service Fund	Capital Project Fund Tax Increment Districts	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>						
Taxes	\$ 34,416,295	\$ -	\$ 18,600,000	\$ 5,272,425	\$ 3,448,748	\$ 61,737,468
Special charges and assessments	-	-	-	-	405,642	405,642
Intergovernmental	34,073,741	6,884,012	-	262,235	11,506,225	52,726,213
Licenses and permits	2,134,392	-	-	-	-	2,134,392
Fines and forfeitures	806,611	-	-	-	457,230	1,263,841
Public charges for services	7,304,539	-	-	11,750	10,053,901	17,370,190
Miscellaneous	(1,858,035)	-	-	(40,454)	(245,974)	(2,144,463)
Total Revenues	<u>76,877,543</u>	<u>6,884,012</u>	<u>18,600,000</u>	<u>5,505,956</u>	<u>25,625,772</u>	<u>133,493,283</u>
<b>EXPENDITURES</b>						
Current						
General government	15,596,345	1,028,398	-	-	140,300	16,765,043
Health	2,130,387	70,917	-	-	916,178	3,117,482
Public safety	49,160,589	-	-	-	1,456,891	50,617,480
Public works	9,922,491	35,000	-	-	5,153,733	15,111,224
Education and recreation	7,100,315	-	-	-	5,976,779	13,077,094
Community Development	2,648,995	1,397,427	-	1,429,265	5,710,927	11,186,614
Capital Outlay	-	150,600	-	525	17,953,706	18,104,831
Debt Service						
Principal	-	-	30,790,000	-	-	30,790,000
Interest and fiscal charges	-	-	3,362,357	326,583	1,080,381	4,769,321
Total Expenditures	<u>86,559,122</u>	<u>2,682,342</u>	<u>34,152,357</u>	<u>1,756,373</u>	<u>38,388,895</u>	<u>163,539,089</u>
Excess (deficiency) of revenues over expenditures	<u>(9,681,579)</u>	<u>4,201,670</u>	<u>(15,552,357)</u>	<u>3,749,583</u>	<u>(12,763,123)</u>	<u>(30,045,806)</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, 2022

	General Fund	Special Revenue Fund ARPA	Debt Service Fund	Capital Project Fund Tax Increment Districts	Nonmajor Governmental Funds	Totals
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-term debt issued	\$ -	\$ -	\$ -	\$ -	\$ 14,720,000	\$ 14,720,000
Premium on long-term debt issued	-	-	366,855	-	31,648	398,503
Refunding bonds issued	-	-	14,655,000	-	-	14,655,000
Transfers in	7,642,921	-	635,388	-	2,837,367	11,115,676
Transfers out	(93,478)	(4,201,670)	-	(1,415,395)	(4,311,637)	(10,022,180)
Total Other Financing Sources (Uses)	<u>7,549,443</u>	<u>(4,201,670)</u>	<u>15,657,243</u>	<u>(1,415,395)</u>	<u>13,277,378</u>	<u>30,866,999</u>
<b>Net Change in Fund Balances</b>	(2,132,136)	-	104,886	2,334,188	514,255	821,193
FUND BALANCES - Beginning of Year	<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>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 44,280,652</u>	<u>\$ -</u>	<u>\$ 458,735</u>	<u>\$ 6,938,031</u>	<u>\$ 46,115,166</u>	<u>\$ 97,792,584</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, 2022

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Net change in fund balances - total governmental funds	\$	821,193
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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	18,104,831
Some items reported as capital outlay are not capitalized	(396,133)
Depreciation is reported in the government-wide statements	(13,050,110)

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	(29,375,000)
Principal repaid	30,790,000

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	(26,462)
Unamortized discounts/premiums (see Note II. B.)	286,438
Pension asset and related deferred outflows/inflows	7,973,440
Other postemployment benefits and related deferred outflows/inflows	(1,205,729)
Writeoff of loans	(145,043)
Accrued interest on debt	(168,845)

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.

	2,472,535
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Revenues in the governmental funds that are not reported as revenues in the statement of activities (See Note II. B.)

	(1,130,970)
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Expenditures in the governmental funds that are not reported as expenses in the statement of activities

	<u>78,204</u>
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Change in net position of governmental activities

	<u>\$ 15,028,349</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
<b>REVENUES</b>				
Taxes	\$ 34,346,450	\$ 34,346,450	\$ 34,416,295	\$ 69,845
Intergovernmental	33,368,994	33,368,994	34,073,741	704,747
Licenses and permits	2,030,380	2,030,380	2,134,392	104,012
Fines and forfeitures	1,122,000	1,122,000	806,611	(315,389)
Charges for services	6,366,107	6,366,107	7,304,539	938,432
Other (loss)	649,550	649,550	(1,858,035)	(2,507,585)
Total Revenues	<u>77,883,481</u>	<u>77,883,481</u>	<u>76,877,543</u>	<u>(1,005,938)</u>
<b>EXPENDITURES</b>				
Current				
General government	15,771,283	15,861,235	15,596,345	264,890
Health	2,745,777	2,745,777	2,130,387	615,390
Public safety	46,324,538	46,478,471	49,160,589	(2,682,118)
Public works	10,406,930	10,463,592	9,922,491	541,101
Education and recreation	7,029,683	7,029,683	7,100,315	(70,632)
Community Development	2,763,294	2,765,871	2,648,995	116,876
Total Expenditures	<u>85,041,505</u>	<u>85,344,629</u>	<u>86,559,122</u>	<u>(1,214,493)</u>
Excess (deficiency) of revenues over expenditures	<u>(7,158,024)</u>	<u>(7,461,148)</u>	<u>(9,681,579)</u>	<u>(2,220,431)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,430,784	4,430,784	7,642,921	3,212,137
Transfers out	(90,000)	(90,000)	(93,478)	(3,478)
Total Other Financing Sources (Uses)	<u>4,340,784</u>	<u>4,340,784</u>	<u>7,549,443</u>	<u>3,208,659</u>
<b>Net Change in Fund Balance</b>	<u>\$ (2,817,240)</u>	<u>\$ (3,120,364)</u>	<u>(2,132,136)</u>	<u>\$ 988,228</u>
FUND BALANCE - Beginning of Year			<u>46,412,788</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 44,280,652</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	\$ 15,161,954	\$ 10,711,796	\$ 2,481,710	\$ 200	\$ 1,290,470	\$ 29,646,130	\$ 15,195,691
Receivables							
Accounts	6,667,141	2,992,027	1,704	264,847	112,383	10,038,102	504,107
Taxes	385,204	-	-	1,048,500	308,210	1,741,914	-
Due from other governments	33,464	-	-	11,174,971	-	11,208,435	-
Due from other funds	3,682,881	3,308,844	2,371,107	-	-	9,362,832	19,168
Inventories	572,970	152,618	-	380,554	12,512	1,118,654	559,006
Prepaid items	-	-	-	-	2,451	2,451	-
Total Current Assets	<u>26,503,614</u>	<u>17,165,285</u>	<u>4,854,521</u>	<u>12,869,072</u>	<u>1,726,026</u>	<u>63,118,518</u>	<u>16,277,972</u>
Noncurrent Assets							
Restricted Assets							
Cash and investments	16,739,250	4,281,004	-	-	-	21,020,254	-
Plant capacity, current portion	-	824,737	-	-	-	824,737	-
Plant capacity, long term	-	11,196,116	-	-	-	11,196,116	-
Pension Asset	1,805,248	1,353,169	573,325	209,600	133,557	4,074,899	1,247,265
Capital assets							
Land	1,843,341	316,798	-	539,434	2,602,180	5,301,753	32,879
Construction in progress	6,340,359	3,385,000	2,025,726	758,115	-	12,509,200	-
Intangible assets	-	-	-	-	-	-	3,059,860
Land and building improvements	267,993,547	130,373,282	70,009,984	8,930,762	30,828,382	508,135,957	1,954,301
Equipment, furniture and vehicles	41,461,670	48,314,563	2,483,429	25,034,256	1,152,453	118,446,371	3,915,977
Less: Accumulated depreciation/amortization	<u>(87,333,083)</u>	<u>(102,061,912)</u>	<u>(44,012,688)</u>	<u>(19,287,450)</u>	<u>(21,910,199)</u>	<u>(274,605,332)</u>	<u>(5,917,857)</u>
Other assets							
Leases receivable-Long Term	3,415,294	-	-	-	-	3,415,294	-
Unamortized debt issuance expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>252,265,626</u>	<u>97,982,757</u>	<u>31,079,776</u>	<u>16,184,717</u>	<u>12,806,373</u>	<u>410,319,249</u>	<u>4,292,425</u>
Total Assets	<u>278,769,240</u>	<u>115,148,042</u>	<u>35,934,297</u>	<u>29,053,789</u>	<u>14,532,399</u>	<u>473,437,767</u>	<u>20,570,397</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred amounts relating to pension	3,585,762	2,735,187	1,036,557	167,097	351,191	7,875,794	2,498,368
Deferred amounts relating to OPEB	2,473,931	2,911,906	1,719,894	65,203	322,267	7,493,201	-
Deferred amounts relating to life insurance	172,559	172,295	15,964	974	8,699	370,491	56,075
Unamortized loss on refunding	<u>309,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>309,039</u>	<u>-</u>
	<u>6,541,291</u>	<u>5,819,388</u>	<u>2,772,415</u>	<u>233,274</u>	<u>682,157</u>	<u>16,048,525</u>	<u>2,554,443</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	Internal Service Funds
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable	\$ 909,534	\$ 547,638	\$ 382,092	\$ 642,775	\$ 160,070	\$ 2,642,109
Accrued liabilities	175,553	120,901	25,966	141,837	81,292	545,549
Due to other governments	3,015,125	-	-	-	-	3,015,125
Compensated absences	-	-	-	-	-	-
Other Postemployment benefits	587,486	402,212	-	-	-	989,698
Due to other funds	7,521,878	7,381,638	51,396	11,083,354	368,664	26,406,930
Leases payable-current portion	-	6,215	-	-	-	6,215
Liabilities payable from restricted assets	-	-	-	-	-	-
Accrued interest	601,839	45,619	-	-	-	647,458
Unearned capacity revenue, current portion	-	1,551,057	-	-	-	1,551,057
Current portion of long term debt	4,116,186	994,402	-	-	-	5,110,588
Total Current Liabilities	<u>16,927,601</u>	<u>11,049,682</u>	<u>459,454</u>	<u>11,867,966</u>	<u>610,026</u>	<u>40,914,729</u>
Noncurrent Liabilities						
Compensated absences	498,711	207,741	10,000	62,065	-	778,517
Total health OPEB liability	15,876,650	11,547,619	6,558,490	1,176,809	3,291,173	38,450,741
Leases payable	-	1,758,089	-	-	-	1,758,089
Net life insurance liability	469,708	398,469	69,466	28,082	24,239	989,964
Revenue bonds and notes payable	52,894,190	13,294,084	-	-	-	66,188,274
Unearned capacity revenue	-	43,413,906	-	-	-	43,413,906
Total Noncurrent Liabilities	<u>69,739,259</u>	<u>70,619,908</u>	<u>6,637,956</u>	<u>1,266,956</u>	<u>3,315,412</u>	<u>151,579,491</u>
Total Liabilities	<u>86,666,860</u>	<u>81,669,590</u>	<u>7,097,410</u>	<u>13,134,922</u>	<u>3,925,438</u>	<u>192,494,220</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unearned property tax revenue	-	-	-	1,048,500	308,210	1,356,710
Deferred amounts relating to Leases	3,447,864	-	-	-	-	3,447,864
Deferred amounts relating to OPEB	1,537,420	1,216,475	462,085	-	86,583	3,302,563
Deferred amounts relating to life insurance	73,415	70,124	6,873	3,352	3,685	157,449
Deferred amounts related to pension	4,442,844	3,458,039	1,317,387	134,563	449,672	9,802,505
Total Deferred Inflows of Resources	<u>9,501,543</u>	<u>4,744,638</u>	<u>1,786,345</u>	<u>1,186,415</u>	<u>848,150</u>	<u>18,067,091</u>
<b>NET POSITION</b>						
Net investment in capital assets	186,956,944	64,274,941	30,506,451	15,975,117	12,672,816	310,386,269
Restricted	4,281,173	5,588,554	573,325	209,600	133,557	10,786,209
Unrestricted (deficit)	(2,095,989)	(35,310,293)	(1,256,819)	(1,218,991)	(2,365,405)	(42,247,497)
<b>TOTAL NET POSITION</b>	<u>\$ 189,142,128</u>	<u>\$ 34,553,202</u>	<u>\$ 29,822,957</u>	<u>\$ 14,965,726</u>	<u>\$ 10,440,968</u>	<u>\$ 278,924,981</u>

See accompanying notes to financial statements.

# CITY OF RACINE

## Proprietary Funds

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION For the Year Ended December 31, 2022

	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	\$ 24,477,626	\$ 11,737,133	\$ 7,311,990	\$ 1,143,018	\$ 1,096,812	\$ 45,766,579	\$ 30,148,495
Other	-	-	2,315	-	49	2,364	16,058
Total Operating Revenues	<u>24,477,626</u>	<u>11,737,133</u>	<u>7,314,305</u>	<u>1,143,018</u>	<u>1,096,861</u>	<u>45,768,943</u>	<u>30,164,553</u>
<b>OPERATING EXPENSES</b>							
Public Works	7,399,651	7,500,982	5,111,154	11,159,526	982,635	32,153,948	7,585,040
Public Safety	-	-	-	-	167,427	167,427	-
Education and recreation	-	-	-	-	467,571	467,571	-
General administration	-	-	-	-	-	-	20,760,630
Depreciation	<u>6,616,768</u>	<u>3,973,896</u>	<u>1,675,043</u>	<u>1,798,323</u>	<u>910,314</u>	<u>14,974,344</u>	<u>893,818</u>
Total Operating Expenses	<u>14,016,419</u>	<u>11,474,878</u>	<u>6,786,197</u>	<u>12,957,849</u>	<u>2,527,947</u>	<u>47,763,290</u>	<u>29,239,488</u>
Operating income (loss)	<u>10,461,207</u>	<u>262,255</u>	<u>528,108</u>	<u>(11,814,831)</u>	<u>(1,431,086)</u>	<u>(1,994,347)</u>	<u>925,065</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment income (loss)	139,621	117,456	(134,321)	-	(33,865)	88,891	-
Interest expense	(1,936,173)	(383,597)	-	-	-	(2,319,770)	-
Intergovernmental interest reimbursement	-	265,763	-	-	-	265,763	-
Plant capacity income	-	1,551,057	-	-	-	1,551,057	-
Gain (loss) on sale of fixed assets	-	(8,979)	-	-	-	(8,979)	-
Amortization of premiums/discount and refunding loss	293,956	-	-	-	-	293,956	-
Subsidies from other governmental units	-	-	614	8,837,484	-	8,838,098	-
Tax levy	-	-	-	782,000	308,210	1,090,210	-
Household hazardous waste revenue	-	169,348	-	-	-	169,348	-
Household hazardous waste expense	-	(203,655)	-	-	-	(203,655)	-
Other	-	16,522	-	-	-	16,522	-
Total Nonoperating Revenues (Expenses)	<u>(1,502,596)</u>	<u>1,523,915</u>	<u>(133,707)</u>	<u>9,619,484</u>	<u>274,345</u>	<u>9,781,441</u>	<u>-</u>

See accompanying notes to financial statements.

# CITY OF RACINE

## Proprietary Funds

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION For the Year Ended December 31, 2022

	Business-Type Activities- Enterprise Funds					Governmental Activities-	
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds	Totals	Internal Service Funds
Income (loss) before capital contributions and transfers	8,958,611	1,786,170	394,401	(2,195,347)	(1,156,741)	7,787,094	925,065
<b>CAPITAL CONTRIBUTIONS</b>	23,809,887	555,612	-	2,025,238	-	26,390,737	-
<b>TRANSFERS IN</b>	51,732	-	-	582,324	760,000	1,394,056	1,547,470
<b>TRANSFERS (OUT)</b>	(3,466,929)	(568,093)	-	-	-	(4,035,022)	-
<b>Change in Net Position</b>	29,353,301	1,773,689	394,401	412,215	(396,741)	31,536,865	2,472,535
TOTAL NET POSITION, Beginning of Year (as restated)	<u>159,788,827</u>	<u>32,779,513</u>	<u>29,428,556</u>	<u>14,553,511</u>	<u>10,837,709</u>	<u>247,388,116</u>	<u>15,549,514</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 189,142,128</u>	<u>\$ 34,553,202</u>	<u>\$ 29,822,957</u>	<u>\$ 14,965,726</u>	<u>\$ 10,440,968</u>	<u>\$ 278,924,981</u>	<u>\$ 18,022,049</u>

See accompanying notes to financial statements.

# CITY OF RACINE

## Proprietary Funds

### STATEMENT OF CASH FLOWS For the Year Ended December 31, 2022

	Business-Type Activities- Enterprise Funds					Governmental Activities- Internal Service Fund
	Water Utility	Wastewater Utility	Stormwater Utility	Belle Urban Transit	Other Enterprise	Totals
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Received from customers and users	\$ 25,800,361	\$ 10,848,194	\$ 6,755,585	\$ 933,036	\$ 1,036,174	\$ 45,373,350
Paid to suppliers for goods and services	(5,999,360)	(3,750,752)	(2,557,967)	(5,149,356)	(1,447,288)	(18,904,723)
Paid to employees for services	(5,558,173)	(4,866,709)	(2,339,969)	(6,246,152)	(389,472)	(19,400,475)
Net Cash Flows From Operating Activities	14,242,828	2,230,733	1,857,649	(10,462,472)	(800,586)	7,068,152
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfer to other funds	(3,415,197)	(568,093)	-	-	-	(3,983,290)
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	693,153	(239,321)	-	-	-	453,832
Payments on intergovernmental agreement	-	-	-	-	-	-
Miscellaneous receipts	-	(17,785)	-	-	-	(17,785)
Operating grants received	-	-	-	8,644,168	-	8,644,168
Operating subsidies received - tax levy	-	-	-	782,000	308,210	1,090,210
Net Cash Flows from Noncapital Financing Activities	(2,722,044)	(884,508)	-	9,426,168	308,210	6,127,826
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Debt issued	-	141,417	-	-	-	141,417
Premium on debt issued	-	-	-	-	-	-
Debt retired	(3,590,144)	(6,482,223)	-	-	-	(10,072,367)
Lease payments received	182,312	-	-	-	-	182,312
Interest paid on long-term debt	(2,008,713)	(361,713)	-	-	-	(2,370,426)
Principal and Interest paid on leases	-	(54,897)	-	-	-	(54,897)
Transfer from other funds for capital purposes	-	-	-	582,324	760,000	1,342,324
Acquisition and construction of capital assets	(8,457,867)	(1,396,811)	(1,947,295)	(2,606,886)	-	(14,408,859)
REC and other fees received	305,466	-	-	-	-	305,466
Intergovernmental interest reimbursement	-	265,763	-	-	-	265,763
Proceeds for plant capacity charges	-	4,047,256	-	-	-	4,047,256
Capital subsidies received	-	-	614	3,060,866	-	3,061,480
Proceeds from sale of capital assets	-	3,397	-	-	-	3,397
Net Cash Flows From Capital and Related Financing Activities	(13,568,946)	(3,837,811)	(1,946,681)	1,036,304	760,000	(17,557,134)

See accompanying notes to financial statements.

# CITY OF RACINE

## Proprietary Funds

### STATEMENT OF CASH FLOWS For the Year Ended December 31, 2022

	Business-Type Activities- Enterprise Funds					Governmental Activities-
	Water Utility	Wastewater Utility	Stormwater Utility	Belle Urban Transit	Other Enterprise	Internal Service Fund
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
Investment income	\$ 139,621	\$ 117,456	\$ (134,321)	\$ -	\$ (33,864)	\$ 88,892
Net Cash Flows From Investing Activities	139,621	117,456	(134,321)	-	(33,864)	88,892
<b>Net Change in Cash and Cash Equivalents</b>	(1,908,541)	(2,374,130)	(223,353)	-	233,760	(4,272,264)
CASH AND CASH EQUIVALENTS - Beginning of Year	33,809,745	17,366,930	2,705,063	200	1,056,710	54,938,648
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 31,901,204</u>	<u>\$ 14,992,800</u>	<u>\$ 2,481,710</u>	<u>\$ 200</u>	<u>\$ 1,290,470</u>	<u>\$ 50,666,384</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 10,461,207	\$ 262,255	\$ 528,108	\$ (11,814,831)	\$ (1,431,086)	\$ (1,994,347)
Adjustments to reconcile operating income (loss) to Net Cash Flows from operating activities						\$ 925,065
Other postemployment benefits	(1,773,110)	483,056	-	1,204,891	-	(85,163)
Depreciation	6,760,366	3,973,896	1,675,043	1,798,323	910,314	15,117,942
Changes in assets, deferred outflows, liabilities, and deferred inflows	-	-	-	-	-	-
Accounts receivable	(288,886)	(60,564)	1,746	(209,982)	(60,686)	(618,372)
Prepaid items	-	-	-	-	(1,588)	(1,588)
Inventories	(51,264)	(73,813)	-	(27,447)	(2,497)	(155,021)
Due from other funds	(62,223)	(801,188)	(560,466)	(266,500)	-	(1,690,377)
Pension benefits	(329,405)	(184,076)	-	(209,600)	-	(723,081)
Accounts payable	(454,467)	(155,517)	321,334	(3,678,678)	102,777	(3,864,551)
Accrued liabilities	6,019	(93,767)	4,025	84,981	(17,107)	(15,849)
Deferred Outflow/Inflows	(469,603)	(2,447,267)	(117,231)	(95,359)	27,231	(3,102,229)
Deferred revenues	-	-	-	266,500	-	266,500
Due to other governments	(353,768)	-	-	-	-	(353,768)
Due to other funds	797,962	1,327,718	5,090	2,485,230	(327,944)	4,288,056
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 14,242,828</u>	<u>\$ 2,230,733</u>	<u>\$ 1,857,649</u>	<u>\$ (10,462,472)</u>	<u>\$ (800,586)</u>	<u>\$ 7,068,152</u>
						<u>\$ 1,137,378</u>

See accompanying notes to financial statements.

# CITY OF RACINE

## Proprietary Funds

### STATEMENT OF CASH FLOWS For the Year Ended December 31, 2022

	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	\$ 15,161,954	\$ 10,711,796	\$ 2,481,710	\$ 200	\$ 1,290,470	\$ 29,646,130	\$ 15,195,691
Restricted	16,739,250	4,281,004	-	-	-	21,020,254	-
Total Cash and Investments	<u>\$ 31,901,204</u>	<u>\$ 14,992,800</u>	<u>\$ 2,481,710</u>	<u>\$ 200</u>	<u>\$ 1,290,470</u>	<u>\$ 50,666,384</u>	<u>\$ 15,195,691</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Cost of Capital assets installed							
or financed by developers, customers or the City	<u>\$ 23,504,421</u>	<u>\$ 555,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,060,033</u>	<u>\$ -</u>
Capital assets in accounts payable							
and due to other funds	<u>\$ 423,758</u>	<u>\$ 373,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 797,196</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**CITY OF RACINE**  
Fiduciary Fund

STATEMENT OF FIDUCIARY NET POSITION  
For the year ended December 31, 2022

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	<u>Custodial Fund</u>
	<u>Tax</u>
	<u>Collecting</u>
<b>ASSETS</b>	
Cash and investments	\$ 22,286,467
Receivables	
Property taxes	<u>28,416,264</u>
<b>TOTAL ASSETS</b>	<u>\$ 50,702,731</u>
<b>LIABILITIES</b>	
Due to others	\$ 3,901
Due to component unit	296,089
Due to other governments	<u>50,402,741</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 50,702,731</u>
<b>NET POSITION</b>	<u>\$ -</u>

See accompanying notes to financial statements.

# CITY OF RACINE

Fiduciary Fund

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION For the year ended December 31, 2022

---

	Custodial Fund
	Tax
	Collecting
<b>ADDITIONS</b>	
Tax collections	\$ 53,183,847
Total Additions	<u>53,183,847</u>
<b>DEDUCTIONS</b>	
Payments to overlying districts	<u>53,183,847</u>
Total Deductions	<u>53,183,847</u>
<b>Change in Net Position</b>	-
NET POSITION - Beginning of Year	-
<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, 2022

---

NOTE	Page
I. Summary of Significant Accounting Policies	34
A. Reporting Entity	34
B. Government-Wide and Fund Financial Statements	36
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	39
D. Assets, Deferred Outflows of Resources, Deferred Inflows of Resources, Liabilities, and Net Position or Equity	41
1. Deposits, Investments and Equivalents	41
2. Receivables	42
3. Inventories and Prepaid Items	44
4. Restricted Assets	44
5. Capital Assets	44
6. Assets Held for Resale	45
7. Leases	45
8. Deferred Outflows of Resources	46
9. Compensated Absences	46
10. Long-Term Obligations/Conduit Debt	47
11. Deferred Inflows of Resources	47
12. Equity Classifications	48
13. Pension and OPEBs	49
II. Reconciliation of Government-Wide and Fund Financial Statements	50
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position	50
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	51
III. Stewardship, Compliance, and Accountability	52
A. Budgetary Information	52
B. Excess Expenditures Over Appropriations	53
C. Deficit Balances	54
D. Limitations on the City's Tax Levy	54
IV. Detailed Notes on All Funds	55
A. Deposits and Investments	55
B. Receivables	58
C. Restricted Assets	59
D. Capital Assets	61
E. Interfund Receivables/Payables, Advances and Transfers	65
F. Long-Term Obligations	69
G. Lease Disclosures	75
H. Net Position/Fund Balances	77
I. Component Units	81

# CITY OF RACINE

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

---

NOTE	<u>Page</u>
V. Other Information	83
A. Employees' Retirement System	83
B. Racine Transit System Pension Plan	90
C. Risk Management	92
D. Commitments and Contingencies	95
E. Other Postemployment Benefits	96
F. Economic Dependency	105
G. Intermunicipal Agreement	106
H. Intergovernmental Retail Water Service Agreement	106
I. Infiltration/Inflow Removal Agreement	107
J. Municipal Revenue Obligations	107
K. Subsequent Events	108
L. Restatement	108
M. Effect of New Accounting Standards on Current-Period Financial Statements	109

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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, 2022

---

#### 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, 2022. Separately issued financial statements of the BID may be obtained from the BID office.

###### *Community Authority*

The government-wide financial statements include the City of Racine Community 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 Community 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, 2022. The Authority does not issue separate financial statements.

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

---

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

---

#### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the City's leasing activities. This standard was implemented January 1, 2022.

#### ***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, 2022

---

#### 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, 2022

---

### 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, 2022

---

### 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, 2022

---

#### 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, 2022

---

### 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, 2022

---

#### 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, 2022, 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 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, 2022

---

#### 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 – 2022 tax roll:

Lien date and levy date	November 2022
Tax bills mailed	December 2022
Payment in full, or	
First installment due	January 31, 2023
Second installment due	March 31, 2023
Third installment due	May 31, 2023
Fourth installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Final settlement with County	August 15, 2023
Tax deed by County – 2022	
Delinquent real estate taxes	October 2025

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, 2022

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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, 2022 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, 2022

---

#### 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. Leases**

The City is a lessor because it leases capital assets to other entities. As a lessor, the City reports a lease receivable and corresponding deferred inflow of resources in both the fund statements and government-wide financial statements. The City continues to report and depreciate the capital assets being leased as capital assets of the primary government.

The City is a lessee because it leases capital assets from other entities. As a lessee, the City reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the City recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability as a debt service payment.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

---

#### 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. 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.

##### ***9. 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, 2022 the sick leave payout at retirement benefit will be phase out over a 4 year period as follows:

- 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, 2022 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, 2022

---

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

---

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

###### ***10. 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 \$31,871,064 made up of four issues.

###### ***11. 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, 2022

---

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

---

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

##### ***12. 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 \$3,478,704 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, 2022

---

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

---

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

##### ***12. 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 \$21,694,914 or 25%.

The policy also states that to the extent that any unassigned General Fund Balance is in excess of 25%, but no more than 30%, of the subsequent year's expenditures shall be assigned to the Wage and Benefit Provision account on an annual basis subsequent to Audit Review.

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.

##### ***13. 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, 2022

---

#### 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.)***

##### ***13. 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	\$17,971,544
Unearned revenue-special assessments	<u>1,041,344</u>
Combined Adjustment for	
Long-Term Assets	<u>\$19,012,888</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	\$ 105,786,505
Compensated absences, not including internal service fund	1,012,208
Unamortized loss on refunding	(686,324)
Accrued interest	<u>456,618</u>
Combined Adjustment for	
Long-Term Liabilities	<u>\$ 106,569,007</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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##### **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	\$ 25,256,315
Construction in progress	26,342,244
Other capital assets net of accumulated depreciation/amortization	155,040,838
Less: Internal Service Funds capital assets	<u>(3,045,160)</u>
Combined Adjustment for Capital Assets	<u>\$ 203,594,237</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	\$ (398,503)
Amortization of loss on refunding and premium (net)	<u>684,941</u>
Unamortized debt premiums/unamortized loss on refunding	<u>\$ 286,438</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	\$ (769,504)
Special assessments collections	<u>(361,466)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,130,970)</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 \$78,204 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, 2022

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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 \$13,226,281. 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 \$13,400,153.

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

The following appropriation units have an excess of actual expenditures over appropriations for the year ended December 31, 2022:

<u>Fund</u>	<u>Department</u>	<u>Appropriation Unit</u>	<u>Amount</u>
General Fund	General Administration	Salaries and Fringes	\$ 68,045
	General Administration	Operating	1,604
	Non Departmental	Operating	554,472
	Health	Operating	24,345
	Fire	Salaries and Fringes	1,215,733
	Fire	Operating	57,430
	Fire	Interdepartmental	41,895
	Police	Salaries and Fringes	1,714,832
	Police	Interdepartmental	117,167
	Public Works	Operating	80,207
	Public Works	Interdepartmental	29,032
	Parks	Salaries and Fringes	1,883
	Parks	Operating	76,052
	City Development	Operating	17,688
	Attorney's Office	Operating	23,585
	Human Resources	Salaries and Fringes	43,646
Debt Service Fund		Debt Service	14,670,317
Special Revenue Funds:			
Library		Salaries and Fringes	17,453
Library		Interdepartmental	7,759
Recycling		Interdepartmental	83,424
Cemetery		Salaries and Fringes	577
Private Property		Operating	156,506
Sanitary Sewer		Operating	62,614
Room Tax		Operating	20,541

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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 radio repair enterprise fund had a deficit balance of \$312,874. These deficits will be funded by future charges for services.

##### ***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, 2022

### NOTE IV – DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

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

	Carrying <u>Value</u>	Statement <u>Balances</u>	Associated <u>Risks</u>
Demand deposits	\$ 72,490,641	\$ 67,545,914	Custodial credit
Savings deposits	201,077	201,077	Custodial credit
Certificates of deposit	40,059,242	40,059,242	Custodial credit
Petty cash	7,915	-	NA
Total deposits	<u>\$ 112,758,875</u>	<u>\$ 107,806,233</u>	
Wisconsin Local Government			
Investment Pool	54,416,065		Credit
Mutual funds-equities	2,301,984		Credit
Mutual funds-fixed income	989,821		Credit, Interest Rate
U.S. Government agency securities-Explicit	1,111,906		Credit, Custodial Credit, Interest Rate, Concentration of Credit
U.S. Government agency securities-Implicit	<u>25,129,576</u>		Credit, Custodial Credit, Interest Rate, Concentration of Credit
Total investments	<u>83,949,352</u>		
Total Deposits and Investments	<u>\$ 196,708,227</u>		
Reconciliation to financial statements			
Per statement of net position			
Cash and Investments-Primary government	\$ 151,845,456		
Cash and investments-Component units	1,556,050		
Restricted cash and investments	21,020,254		
Per statement of fiduciary net position			
Custodial fund	<u>22,286,467</u>		
	<u>\$ 196,708,227</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, 2022

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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, 2022, the City's carrying value of deposits was \$112,758,875, as compared to bank balances of \$107,693,515. Of the bank balances \$105,951,449 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. \$1,742,066 was uninsured as of December 31, 2022.

##### **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, 2022, the City's carrying value of U.S. Government Agency Securities subject to custodial credit risk was \$26,241,482. 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, 2022 were rated Aaa by Moody's Investor's Services and AA+ by Standard & Poor's. As of December 31, 2022, the balance in these types of investments was \$26,241,482. 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, 2022

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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, 2022, 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	5.58%
Federal Home Loan Bank Corporation	U.S. government agency notes and mortgage backed securities	32.14%
Federal Home Loan Mortgage Corporation	U.S. government agency notes and mortgage backed securities	26.02%
Federal Farm Credit Bank Corporation	U.S. government agency notes and mortgage backed securities	31.26%

##### **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, 2022 were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Duration in Years</u>
U.S. Government Agency-implicitly guaranteed	\$ 21,534,604	3.94
U.S. Government Agency-implicitly guaranteed	3,594,972	0.56
U.S. Government Agency-explicitly guaranteed	1,111,906	1.67
Mutual Funds-fixed income	989,821	3.18

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

### 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	\$ -	\$ 2,301,984	\$ -	\$ 2,301,984
Mutual Fund Fixed Income	-	989,821	-	989,821
U.S. Government Agencies	<u>1,111,906</u>	<u>25,129,576</u>	<u>-</u>	<u>26,241,482</u>
Total	<u>\$ 1,111,906</u>	<u>\$ 28,421,381</u>	<u>\$ -</u>	<u>\$ 29,533,287</u>

#### B. RECEIVABLES

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

	<u>Account</u>	<u>Rescue</u>	<u>Loans</u>	<u>Delinquent</u>	
	<u>Receivable</u>	<u>Runs</u>	<u>Receivable</u>	<u>Personal</u>	<u>Total</u>
				<u>Property</u>	
General Fund	\$ 444,727	\$ 530,386	\$ -	\$ 364,713	\$ 1,339,826
Loan Fund	-	-	1,163,509	-	1,163,509
Parking	1,814	-	-	-	1,814
Transit	3,090	-	-	-	3,090
Storm Water Utility	2,308	-	-	-	2,308
Internal Service	8,304	-	-	-	8,304
Other Non-Major Funds	<u>14,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,965</u>
	<u>\$ 475,208</u>	<u>\$ 530,386</u>	<u>\$ 1,163,509</u>	<u>\$ 364,713</u>	<u>\$ 2,533,816</u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

### 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	\$ -	\$ -	\$ 1,040,771	\$ 1,040,771
Delinquent personal property taxes	11,766	-	-	11,766
Loans and notes	-	12,388,250	5,583,292	17,971,542
	<u>\$ 11,766</u>	<u>\$ 12,388,250</u>	<u>\$ 6,624,063</u>	<u>\$ 19,024,079</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	\$ -	\$ 63,873,782	\$ 63,873,782
Loans receivable	17,966,040	-	17,966,040
Special assessments not yet due	1,041,346	-	1,041,346
Interest on loans and advances	-	233,484	233,484
ARPA	-	29,986,667	29,986,667
Grant receivables	5,502	474,176	479,678
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 19,012,888</u>	<u>\$ 94,568,109</u>	<u>\$ 113,580,997</u>
Unearned Revenue shown as a liability		\$ 29,986,667	
Unearned Revenue shown as a deferred inflow		64,581,442	
		<u>\$ 94,568,109</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, 2022

### 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, 2022:

	Water Utility	Wastewater Utility	Total
Bond redemption account	\$ 2,277,764	\$ 1,013,418	\$ 3,291,182
Bond reserve account	4,454,423	-	4,454,423
Bond depreciation account	800,000	-	800,000
Equipment replacement account	-	3,267,586	3,267,586
Capital improvement fund	9,207,063	-	9,207,063
Pension asset	1,805,248	1,353,169	3,158,417
Plant capacity receivable	-	12,020,853	12,020,853
Total Restricted Assets	18,544,498	17,655,026	36,199,524
Reconciliation to restricted net position			
Plant capacity receivable reported as unearned revenue	-	(12,020,853)	(12,020,853)
Accrued interest payable	(601,839)	(45,619)	(647,458)
Unspent bond proceeds	(9,207,063)	-	(9,207,063)
Bond reserve fund financed by bond proceeds	(4,454,423)	-	(4,454,423)
Restricted Net Position	<u>\$ 4,281,173</u>	<u>\$ 5,588,554</u>	<u>\$ 9,869,727</u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance	Additions	Deletions	Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated/amortized				
Land	\$ 24,863,221	\$ 393,094	\$ -	\$ 25,256,315
Construction in progress	16,976,497	13,285,068	3,919,321	26,342,244
Total Capital Assets Not Being Depreciated/Amortized	<u>41,839,718</u>	<u>13,678,162</u>	<u>3,919,321</u>	<u>51,598,559</u>
Capital assets being depreciated/amortized				
Intangible assets	2,376,400	700,515	17,054	3,059,861
Land improvements	15,418,557	349,702	-	15,768,259
Buildings	52,304,981	891,077	-	53,196,058
Machinery and equipment	48,164,305	4,100,859	516,081	51,749,083
Roads, streets, and bridges	189,503,597	2,582,252	186,503	191,899,346
Sidewalks	56,383,298	200,349	23,625	56,560,022
Sewer lines	49,862,712	211,159	18,023	50,055,848
Shoreline walls and other	24,425,189	-	-	24,425,189
Total Capital Assets Being Depreciated/Amortized	<u>438,439,039</u>	<u>9,035,913</u>	<u>761,286</u>	<u>446,713,666</u>
Less: accumulated depreciation/amortization for				
Intangible assets	1,424,618	389,158	17,054	1,796,722
Land improvements	11,094,736	719,558	-	11,814,294
Buildings	33,732,717	1,914,661	-	35,647,378
Machinery and equipment	36,120,643	3,307,972	516,081	38,912,534
Roads, streets, and bridges	108,908,059	5,248,013	186,503	113,969,569
Sidewalks	49,309,583	742,539	23,625	50,028,497
Sewer lines	23,819,181	930,314	18,023	24,731,472
Shoreline walls and other	14,080,649	691,713	-	14,772,362
Total Accumulated Depreciation/Amortization	<u>278,490,186</u>	<u>13,943,928</u>	<u>761,286</u>	<u>291,672,828</u>
Total Capital Assets being Depreciated/Amortized, Net	<u>159,948,853</u>	<u>(4,908,015)</u>	<u>-</u>	<u>155,040,838</u>
Governmental Activities Capital Assets, Net	<u>\$ 201,788,571</u>	<u>\$ 8,770,147</u>	<u>\$ 3,919,321</u>	<u>\$ 206,639,397</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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	\$ 1,310,796
Education and recreation	2,032,572
Public works, which includes infrastructure	9,255,652
Public safety	<u>1,344,908</u>
 Total Governmental Activities Depreciation/Amortization Expense	 \$ <u><u>13,943,928</u></u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

### 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	21,527,372	11,963,950	20,982,122	12,509,200
Total Capital Assets Not Being Depreciated	<u>26,829,125</u>	<u>11,963,950</u>	<u>20,982,122</u>	<u>17,810,953</u>
Capital assets being depreciated				
Land improvements	9,973,000	-	-	9,973,000
Improvements other than buildings	295,267,159	36,942,483	320,702	331,888,940
Buildings	165,075,256	119,281	690,090	164,504,447
Leased land and improvements*	1,769,570	-	-	1,769,570
Machinery and equipment	112,369,554	10,049,046	3,972,229	118,446,371
Total Capital Assets Being Depreciated	<u>584,454,539</u>	<u>47,110,810</u>	<u>4,983,021</u>	<u>626,582,328</u>
Less: accumulated depreciation for				
Land improvements	7,841,592	316,391	-	8,157,983
Improvements other than buildings	89,895,281	5,149,050	320,702	94,723,629
Buildings	84,910,119	4,076,176	690,088	88,296,207
Leased land and improvements*	55,299	55,299	-	110,598
Machinery and equipment	<u>81,755,742</u>	<u>5,521,027</u>	<u>3,959,854</u>	<u>83,316,915</u>
Total Accumulated Depreciation	<u>264,458,033</u>	<u>15,117,943</u>	<u>4,970,644</u>	<u>274,605,332</u>
Total Capital Assets Depreciated, Net	<u>319,996,506</u>	<u>31,992,867</u>	<u>12,377</u>	<u>351,976,996</u>
Business-Type Activities Capital Assets, Net	<u>\$ 346,825,631</u>	<u>\$ 43,956,817</u>	<u>\$20,994,499</u>	<u>\$ 369,787,949</u>

\*Amount was adjusted to reflect the implementation of GASB Statement No. 87.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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	\$ 6,760,369
Wastewater	3,973,896
Stormwater	1,675,043
Belle Urban Transit	1,798,323
Other	<u>910,314</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 15,117,945</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, 2022

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

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##### *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	\$ 11,083,354
General Fund	Enterprise Fund-Civic Center	368,664
General Fund	Internal Service Fund-Equipment Maintenance	107,786
General Fund	Internal Service Fund-Information Systems	178,205
General Fund	Wastewater Utility	251,860
General Fund	Water Utility	3,556,421
General Fund	Special Revenue-HUD Grants	723,690
General Fund	Special Revenue-State Grants	682,676
General Fund	Special Revenue-Restricted	77,715
General Fund	Special Revenue-Federal Grants	962,727
General Fund	Special Revenue-Trusts	172,653
General Fund	Permanent Funds	15,505
General Fund	Capital Projects-Capital grants	206,413
General Fund	Capital Projects-City Projects	347,371
Wastewater Utility	Internal Service Fund-Building Complex	12,534
Wastewater Utility	Water Utility	1,579,051
Wastewater Utility	General Fund	1,717,260
Water Utility	Wastewater Utility	805,707
Water Utility	Enterprise-Storm Water	51,396
Water Utility	General Fund	2,825,778

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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	\$ 6,012,366
Internal Service Fund-Equipment Maint.	Water Utility	15,300
Internal Service Fund-Equipment Maint.	Wastewater Utility	3,868
Special Revenue-Sanitary Sewer	Wastewater Utility	307,837
Enterprise-Storm Water	Water Utility	<u>2,371,107</u>
Subtotal-Fund Financial Statements		34,437,244
Less: Fund eliminations		(8,282,002)
Less: Government-wide eliminations		<u>(9,111,144)</u>
		<u><u>\$ 17,044,098</u></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 \$655,624 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, 2022

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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 #31	\$ 13,500	\$ -
Intergovernmental Revenue Sharing	Tax Increment District #30	18,319	-
Intergovernmental Revenue Sharing	Tax Increment District #29	18,583	-
Intergovernmental Revenue Sharing	Tax Increment District #28	3,294	-
Intergovernmental Revenue Sharing	Tax Increment District #27	3,294	-
Intergovernmental Revenue Sharing	Tax Increment District #26	1,048,364	-
Intergovernmental Revenue Sharing	Tax Increment District #24	1,137,481	-
Intergovernmental Revenue Sharing	Tax Increment District #20	57,616	-
Intergovernmental Revenue Sharing	Tax Increment District #19	341,265	-
Intergovernmental Revenue Sharing	Tax Increment District #18	7,143,565	-
Intergovernmental Revenue Sharing	Tax Increment District #16	110,237	-
Subtotal-Fund financial statements		\$ 9,895,518	\$ -
Less: fund eliminations		(9,895,518)	
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, 2022

### 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	\$ 3,466,929
General Fund	Enterprise - Wastewater	516,361
General Fund	Special Revenue-ARPA	3,441,670
General Fund	Special Revenue-Loans	177,254
General Fund	Special Revenue-HUD Grants	40,707
Debt Service Fund	Capital Projects-TID	635,388
Capital Projects-City Projects	Special Revenue-Special Assessment	1,381,597
Enterprise-Transit	Capital Projects - General Obligation	497,060
Enterprise-Transit	Capital Projects - Equipment Replacen	85,264
Enterprise-Parking	Special Revenue-ARPA	760,000
Enterprise - Water	Enterprise - Wastewater	51,732
Internal Service-Information Systems	Capital Projects - General Obligation	718,470
Internal Service-Information Systems	Capital Projects - Equipment Replacen	829,000
Special Revenue-Private Property	Special Revenue-HUD Grants	421,006
Special Revenue-HUD	Special Revenue-Loans	147,296
Special Revenue-Loans	Special Revenue-HUD Grants	5,500
Special Revenue-Loans	Capital Projects-TID	780,007
Special Revenue-Federal Grants	Capital Projects - General Obligation	8,483
Special Revenue-State Grants	General Fund	40,478
Special Revenue-Municipal Court	General Fund	53,000
Subtotal-fund financial statements		14,057,202
Less: Fund eliminations		(8,731,588)
Add: Government wide eliminations		(2,684,648)
		<u>\$ 2,640,966</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, 2022

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

#### F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2022 was as follows:

#### GOVERNMENTAL ACTIVITIES

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General Obligation					
Bonds and notes payable	\$ 100,435,000	\$ 29,375,000	\$ 30,790,000	\$ 99,020,000	\$ 19,886,509
Premiums	7,218,201	398,503	850,199	6,766,505	-
Sub-total	<u>107,653,201</u>	<u>29,773,503</u>	<u>31,640,199</u>	<u>105,786,505</u>	<u>19,886,509</u>
Other Liabilities					
Vested compensated absences	1,053,828	69,497	43,035	1,080,290	1,080,290
Total health OPEB liability	265,764,163	40,239,789	8,375,837	297,628,115	-
Net life insurance OPEB liability	4,502,803	-	23,281	4,479,522	-
Total Other Liabilities	<u>271,320,794</u>	<u>40,309,286</u>	<u>8,442,153</u>	<u>303,187,927</u>	<u>1,080,290</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 378,973,995</u>	<u>\$ 70,082,789</u>	<u>\$ 40,082,352</u>	<u>\$ 408,974,432</u>	<u>\$ 20,966,799</u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

### 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	\$ 78,454,380	\$ 141,417	\$ 10,130,872	\$ 68,464,925	\$ 4,770,409
Premiums	3,174,073	-	340,136	2,833,937	340,179
Sub-total	<u>81,628,453</u>	<u>141,417</u>	<u>10,471,008</u>	<u>71,298,862</u>	<u>5,110,588</u>
Other Liabilities					
Vested compensated absences	879,079	78,654	179,216	778,517	-
Total health OPEB liability	38,108,160	6,292,234	4,959,955	39,440,439	989,698
Net life insurance OPEB liability	1,011,049	28,719	49,804	989,964	-
Lease liability*	<u>1,768,699</u>	<u>-</u>	<u>4,395</u>	<u>1,764,304</u>	<u>6,215</u>
Total Other Liabilities	<u>41,766,987</u>	<u>6,399,607</u>	<u>5,193,370</u>	<u>42,973,224</u>	<u>995,913</u>
Total Business Type Activities					
Long-Term Liabilities	<u>\$ 123,395,440</u>	<u>\$ 6,541,024</u>	<u>\$ 15,664,378</u>	<u>\$ 114,272,086</u>	<u>\$ 6,106,501</u>

\*Amount was adjusted to reflect the implementation of GASB Statement No. 87.

#### 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, 2022, was \$229,276,085. Total general obligation debt outstanding at year end was \$99,020,000.

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

### 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 12/31/2022
General Obligation Bonds					
2013	11/06/2013	12/10/2027	2.00-4.00%	\$ 26,450,000	\$ 790,000
2014	12/09/2014	12/9/2028	2.00-4.00	15,395,000	4,570,000
2015	12/07/2015	12/7/2029	2.00-3.00	11,130,000	5,600,000
2016	12/07/2016	12/7/2030	2.00-4.00	11,915,000	6,535,000
2017	12/05/2017	12/5/2031	3.00-5.00	19,145,000	10,565,000
2018	12/11/2018	12/11/2032	4.00-5.00	9,720,000	6,760,000
2019	12/20/2019	12/20/2033	3.00-5.00	13,390,000	8,920,000
2020	10/06/2020	12/1/2027	.40-1.05	10,525,000	8,850,000
2020	12/18/2020	12/1/2034	2.00-4.00	13,755,000	6,910,000
2021	12/17/2021	12/1/2035	2.00-5.00	14,550,000	8,830,000
2022	12/16/2022	12/1/2036	4.00-5.00	14,655,000	14,655,000
					<u>82,985,000</u>
Taxable General Obligation Bonds					
2019	10/01/2019	10/1/2023	3.0	2,690,000	<u>705,000</u>
Taxable Incremental General Obligation Debt					
2014 (Tif #10)	12/09/2014	12/9/2028	2.00-4.00	2,280,000	935,000
2015 (Tif #11)	09/08/2015	12/1/2025	1.00-3.10	1,410,000	495,000
2018 (Tif #18)	12/11/2018	12/11/2021	3.5	3,500,000	<u>3,500,000</u>
					<u>4,930,000</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>\$ 99,020,000</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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>
2023	\$ 19,886,509	\$ 3,468,744	\$ 23,355,253
2024	10,205,656	2,772,006	12,977,662
2025	9,911,784	2,443,197	12,354,981
2026	8,725,148	2,095,482	10,820,630
2027	8,084,317	1,783,346	9,867,663
2028-2032	30,340,185	4,785,638	35,125,823
2033-2037	10,029,590	1,123,782	11,153,372
2038-2041	<u>1,836,811</u>	<u>182,429</u>	<u>2,019,240</u>
Totals	<u>\$ 99,020,000</u>	<u>\$ 18,654,624</u>	<u>\$117,674,624</u>

##### **Debt Refunding**

On December 16, 2022, the City issued \$14,655,000 in general obligation refunding bonds, with interest ranging from 4.00% - 5.00%. The bonds, along with cash on hand, were used to current refund note anticipation notes dated September 27, 2022.

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

### 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, 2022 consists of the following:

<u>Type/Series</u>	<u>Date of Issue</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance Outstanding 12/31/2022</u>
Water Utility					
Safe Drinking Water Loan	12/22/2004	5/1/2024	2.37%	\$ 16,666,035	\$ 2,138,415
Safe Drinking Water Loan	5/27/2015	5/1/2035	1.65	1,708,229	1,283,024
Mortgage Revenue Refunding Bonds	9/8/2015	9/1/2026	2.00-4.00	6,590,000	2,790,000
Mortgage Revenue Bonds	12/28/2017	9/1/2031	3.00-5.00	6,135,000	5,305,000
Mortgage Revenue Bonds	2/19/2019	9/1/2039	3.00-5.00	20,000,000	19,950,000
Mortgage Revenue Bonds	2/11/2021	9/1/2041	1.00-5.00	19,890,000	19,865,000
Mortgage Revenue Bonds	6/3/2021	9/1/2024	5.00	4,115,000	2,845,000
Total Water Utility					<u>54,176,439</u>
Wastewater Utility					
Clean Water Fund Loans	1/23/2008	5/1/2027	2.480	3,481,931	1,040,111
Clean Water Fund Loans	3/24/2010	5/1/2029	2.200	2,524,712	1,076,320
Clean Water Fund Loans	5/23/2018	5/1/2038	1.870	521,526	432,081
Clean Water Fund Loans	6/27/2018	5/1/2038	1.870	13,088,291	10,875,693
Clean Water Fund Loans	11/10/2021	5/1/2041	1.485	864,281	864,281
Total Wastewater Utility					<u>14,288,486</u>
Total Business-Type Revenue Debt					<u>\$ 68,464,925</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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
2023	\$ 4,770,409	\$ 2,343,525	\$ 7,113,934
2024	4,931,989	2,063,075	6,995,064
2025	4,297,313	1,910,145	6,207,458
2026	4,459,788	1,764,914	6,224,702
2027	3,847,719	1,609,281	5,457,000
2028-2032	18,564,956	5,774,856	24,339,812
2033-2037	17,871,026	3,059,869	20,930,895
2038-2041	9,721,725	816,251	10,537,976
	<u>\$ 68,464,925</u>	<u>\$ 19,341,916</u>	<u>\$ 87,806,841</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 \$74.6 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 \$71,224,725. Principal and interest paid for the current year and total customer net revenues were \$5,758,556 and \$16,912,130, respectively.

The Wastewater Utility has pledged future customer revenues, net of specified operating expenses, to repay \$99 million in clean water fund loans issued between 2002 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 \$16,582,116. Principal and interest paid for the current year and total revenues were \$1,258,056 and \$10,163,001, 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, 2022

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

---

##### ***F. LONG-TERM OBLIGATIONS (cont.)***

###### ***Other Debt Information***

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

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

###### ***Defeasance of Debt***

The City has defeased certain general obligation notes and bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old notes and bonds. Accordingly, the trust account assets and the liability for the defeased notes and bonds are not included in the City's financial statements. At December 31, 2022, \$3,490,000 of bonds outstanding is considered defeased. The bonds are callable in 2023.

##### ***G. LEASE DISCLOSURES***

The Water Utility, acting as a lessor, leases water tower space and related equipment under long-term, noncancelable lease agreements. The leases expire at various dates through 2046 and provide for renewal options ranging from one to five years. During the year ended December 31, 2022, the Water Utility recognized \$239,712 and \$107,035 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Total future minimum lease payments to be received under lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 196,055	\$ 101,544	\$ 297,599
2024	213,665	95,617	309,282
2025	142,975	90,627	233,602
2026	153,685	86,331	240,016
2027	163,570	81,732	245,302
2028-2032	675,667	346,474	1,022,141
2033-2037	795,444	241,166	1,036,610
2038-2042	952,734	115,797	1,068,531
2043-2046	317,552	10,490	328,042
	<u>\$3,611,347</u>	<u>\$1,169,778</u>	<u>\$ 4,781,125</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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##### *G. LEASE DISCLOSURES* (cont.)

The Wastewater Utility leases land and improvements under long-term noncancelable lease agreement that expires in 2053. This lease does not include any renewal terms and provides for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index.

Future minimum payments under the lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 6,215	\$ 50,329	\$ 56,544
2024	8,140	50,101	58,241
2025	10,173	49,814	59,987
2026	12,320	49,467	61,787
2027	14,586	49,055	63,641
2028-2032	111,432	236,582	348,014
2033-2037	189,060	214,383	403,443
2038-2042	288,384	179,317	467,701
2043-2047	414,313	127,880	542,193
2048-2052	572,767	55,784	628,551
2053	136,914	331	137,245
	<u>\$1,764,304</u>	<u>\$1,063,043</u>	<u>\$ 2,827,347</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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, 2022 includes the following:

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

Net Investment in capital assets	
Capital assets, net of accumulated depreciation/amortization	\$ 206,639,397
Less: related long-term debt outstanding, premiums plus unamortized loss on refunding	(101,621,477)
Plus: funds borrowed but not spent	<u>12,348,415</u>
Total Net Investment in Capital Assets	<u>117,366,335</u>
Restricted for	
Debt service	2,117
Permanent Funds	
Non Expendable	964,701
Expendable	1,104,758
Library	210,365
Loan programs	6,908,161
Tax incremental districts	19,326,281
Intergovernmental revenue sharing	15,363,230
Federal and State grant programs	2,735,943
Trusts	1,394,919
Health and other	856,991
Pension Asset	35,452,814
Special assessment program	<u>1,176,389</u>
Total Restricted	<u>85,496,669</u>
Unrestricted (deficit)	<u>(217,545,702)</u>
Total Governmental Activities Net Position (Deficit)	<u>\$ (14,682,698)</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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	\$ 369,787,949
Less: related long-term debt outstanding	<u>(59,401,680)</u>
Total Net Investment in Capital Assets	<u>310,386,269</u>
Restricted for	
Debt Service	2,643,724
Depreciation Fund	800,000
DNR equipment replacement fund	3,267,586
Pension asset	<u>4,074,899</u>
Total Restricted	<u>10,786,209</u>
Unrestricted (deficit)	<u>(42,247,497)</u>
Total Business-Type Activities Net Position	<u>\$ 278,924,981</u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

### 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, 2022 include the following:

		Capital Projects Fund			
	General Fund	Tax Incremental Districts	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable					
Non current receivables	\$ 655,624	\$ -	\$ -	\$ -	\$ 655,624
Inventories	594,420	-	-	-	594,420
Prepaid Items	69,873	-	-	-	69,873
Deposit in CVMIC	<u>2,962,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,962,500</u>
	<u>4,282,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,282,417</u>
Restricted for:					
Loan program	-	-	-	3,202,394	3,202,394
Debt service	-	-	458,735	-	458,735
HUD grant programs	-	-	-	279,872	279,872
State grant programs	-	-	-	980	980
Federal grant programs	-	-	-	577,565	577,565
Special assessment program	-	-	-	135,043	135,043
Public safety	-	-	-	406,464	406,464
Health services	-	-	-	69,213	69,213
Cemetery donations	-	-	-	283,310	283,310
Park and recreation programs	-	-	-	98,005	98,005
Trusts	-	-	-	1,394,919	1,394,919
Library services	-	-	-	210,365	210,365
Tax incremental districts	-	6,938,031	-	-	6,938,031
Revenue sharing	-	-	-	15,363,230	15,363,230
Endowments	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,069,459</u>	<u>2,069,459</u>
	<u>-</u>	<u>6,938,031</u>	<u>458,735</u>	<u>24,090,819</u>	<u>31,487,585</u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

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

	General Fund	Fund Tax Incremental Districts	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Committed to:					
Harbor Commission	\$ -	\$ -	\$ -	\$ 280,024	\$ 280,024
Fire Prevention	-	-	-	53,561	53,561
Racine Safe Neighborhood	-	-	-	8,915	8,915
Sister Cities	-	-	-	71,372	71,372
Comm Center Concessions	-	-	-	21,832	21,832
Landmark Preservation	-	-	-	4,202	4,202
Open Space Park Land	-	-	-	11,432	11,432
Recycling	-	-	-	672,038	672,038
Municipal Court	-	-	-	5,394	5,394
Cemetery	-	-	-	374,950	374,950
City Projects	-	-	-	6,071,080	6,071,080
Private Property Maintenance	-	-	-	752,283	752,283
Sanitary Sewer Maintenance	-	-	-	810,773	810,773
Health Lab	-	-	-	24,535	24,535
Room Tax	-	-	-	462,966	462,966
Equipment Replacement	-	-	-	1,585,211	1,585,211
Capital projects	-	-	-	10,763,204	10,763,204
	-	-	-	21,973,772	21,973,772
Assigned to:					
Budget Stabilization	13,964,338	-	-	-	13,964,338
Wage Provision	4,338,983	-	-	-	4,338,983
Economic Development	-	-	-	50,575	50,575
	18,303,321	-	-	50,575	18,353,896
Unassigned (deficit)	21,694,914	-	-	-	21,694,914
Total Fund Balances	<u>\$ 44,280,652</u>	<u>\$ 6,938,031</u>	<u>\$458,735</u>	<u>\$ 46,115,166</u>	<u>\$ 97,792,584</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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 Community 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 COMMUNITY AUTHORITY***

a. Basis of Accounting/Measurement Focus

The Community 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, 2022, the Community 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, 2022 the Authority had assets held for resale of \$5,622,831.

d. Cash and Investments

At December 31, 2022, the carrying value and bank balance of the Community Authority's deposits are \$1,144,632. 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, 2022

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

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##### *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, 2022, the BID has a receivable of \$213,136 from the City's tax collection fund for the entire subsequent year's annual assessment.

##### c. Cash and Investments

At December 31, 2022, the carrying value of the BID's deposits is \$111,418. 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, 2022, the District had capital assets with a cost of \$19,790 and accumulated depreciation of \$14,782. The District's net book value of capital assets was \$5,028. There were no current year additions.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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 Annual Comprehensive Financial Report, which can be found at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

**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, 2022

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#### 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
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
2021	5.1	13.0

**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 was 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, 2022

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

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

During the reporting period, the WRS recognized \$5,458,639 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2022 are:

Employee Category	Employee	Employer
General	6.75%	6.75%
Executives & Elected Officials	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

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

At December 31, 2022, the City reported an asset of \$39,527,713 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. 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, 2021, the City's proportion was .49040709%, which was an increase (decrease) of (.00540124%) 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, 2022

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

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

For the year ended December 31, 2022, the City recognized pension (revenue) expense of (\$3,233,934).

At December 31, 2022, 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 projected and actual experience	\$ 63,855,023	\$ 4,604,636
Changes of actuarial assumptions	7,374,519	-
Net differences between projected and actual earnings on pension plan investments	-	88,426,783
Changes in proportion and differences between employer contributions and proportionate share of contributions	136,228	124,696
Employer contributions subsequent to the measurement date	<u>5,665,578</u>	<u>-</u>
Total	<u>\$ 77,031,348</u>	<u>\$ 93,156,115</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

\$5,665,578 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended <u>December 31:</u>	Deferred Outflow (inflow) <u>of Resources (net)</u>
2023	\$ (1,827,106)
2024	(10,699,812)
2025	(4,720,789)
2026	(4,542,638)

**Actuarial assumptions.** The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability	December 31, 2021
Experience Study:	January 1, 2018-December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%*

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% 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, 2022

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

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year including the discount rate, loan term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Asset for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 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 weighing 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	52%	6.8%	4.2%
Fixed Income	25	4.3	1.8
Inflation Sensitive	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund	115	6.6	4.0

Variable Fund Asset	Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Real Rate of Return
US Equities	70%	6.3%	3.7%
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

New England Pension Consultants Long Term US CPI (inflation) Forecast: 2.5%

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets such as fixed income securities. This results in an asset allocation beyond 100%. Currently an asset allocation target of 15% policy leverage is used subject to an allowable range of up to 20%.

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, 2022

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

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

**Single discount rate.** A single discount rate of 6.80% was used to measure the total pension liability as opposed to a discount rate of 7.0% for the prior year. This single discount rate was based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84%. (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, 2021. 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 6.80% expected rate of return implies that a dividend of approximately 1.7% 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 6.80%, 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 (5.80%) or 1- percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
The City's proportionate share of the net pension liability (asset)	<u>\$28,047,715</u>	<u>\$(39,527,713)</u>	<u>\$(88,169,449)</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, 2022

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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 the Central States, Southeast and Southwest Areas Pension Plan, which is 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. Transit Management has designated employer Trustees to establish and amend any plan benefits.

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 \$966,403, \$932,245, and \$958,846, for the years ended December 31, 2022, 2021, and 2020 respectively. The following table shows the rate charged per week for each contract year:

Contract Period	Rate per week
July 1, 2022 – June 30, 2023	\$286
July 1, 2021 – June 30, 2022	275
July 1, 2020 – June 30, 2021	264
July 1, 2019 – June 30, 2020	254

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. The Transit System has approximately 75 teamster union employees covered by this plan.

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, 2022

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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>2022</u>	<u>2021</u>	<u>2020</u>
Valuation Date	January 1, 2022	January 1, 2021	January 1, 2020
Funded Percentage	14.5%	19.5%	19.5%
Value of Assets	\$8,012,070,196	\$9,791,415,221	\$11,436,565,916
Value of Liabilities	\$55,358,547,619	\$57,182,929,661	\$58,512,784,264

###### ***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>2022</u>	<u>2021</u>	<u>2020</u>
FMV of Plan Assets	\$ 5,715,700,020	\$ 8,158,227,818	\$ 10,409,440,502

On January 12, 2023, the Central States pension fund received \$35.76 billion in Special Financial Assistance (SFA) funds under the American Rescue Act Plan Act of 2021. As a result of the SFA, Central States is now well-funded with a highly conservative investment policy that is projected to result in full funding in the future.

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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, 2022. The City purchases general and automobile liability insurance from the Cities and Villages Mutual Insurance Company. The City purchases commercial insurance for property and casualty claims. There have been no significant reductions in insurance coverage for any risk of loss in the past year and settled claims have not exceeded the commercial coverage in any of the past three fiscal years.

#### ***Self-Insurance***

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

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

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

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported.

#### ***Claims Liability***

	<u>Current</u>	<u>Prior Year</u>
Unpaid claims – Beginning of Year	\$ 1,040,201	\$ 935,817
Current year claims and changes in estimates	9,828,782	8,942,115
Claim payments	<u>(10,008,150)</u>	<u>(8,837,731)</u>
Unpaid Claims – End of Year	<u>\$ 860,833</u>	<u>\$ 1,040,201</u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

#### **C. RISK MANAGEMENT (cont.)**

##### **Public Entity Risk Pool**

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

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

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

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

Member equity ownership attributable to the WMIC bonds (\$25 million) is based on the amount of the bond the member delivered in proportion to the bonds delivered by all members. The City's percentage participation in WMIC and CVMIC at December 31, 2022 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, 2022. A total liability of \$1,516,127 at December 31, 2022 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
2022	\$ 1,414,943	1,186,726	1,085,542	\$ 1,516,127
2021	895,151	1,287,412	767,620	1,414,943

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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 2022, 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 11.78% for auto liability and 10.03% 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, 2022

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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 \$17,977,330.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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 2022, the City contributed \$10,829,350 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 2022, total retiree member contributions were \$807,223.

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

The City’s total OPEB liability of \$337,068,554 was measured as of December 31, 2022.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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, 2021 Actuarial Valuation reports.

Interest Discount Rate-2.06% for 2022  
Mortality-Based on the Wisconsin 2021 Mortality Table  
Employee Turnover/Withdrawal  
Annual Medical Trends  
Salary Adjustment Factors

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the years 2018-2028. This information was rolled forward to determine the valuation as of December 31, 2022.

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

	Governmental Activities	Business Type Activities	Total
Balance at December 31, 2021	\$ 265,764,163	\$ 38,108,160	\$ 303,872,323
Changes for the year:			
Service Cost	5,417,604	868,824	6,286,428
Interest	5,595,807	889,650	6,485,457
Differences between expected and actual experience	29,226,377	2,027,319	31,253,696
Changes in assumption or other input	-	-	-
Benefit payments	(8,375,836)	(2,453,514)	(10,829,350)
Net changes	31,863,952	1,332,279	33,196,231
Balance at December 31, 2022	<u>\$ 297,628,115</u>	<u>\$ 39,440,439</u>	<u>\$ 337,068,554</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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 (1.06%) or 1-percentage-point higher (3.06%) than the current discount rate:

	<u>1% Decrease to Discount Rate (1.06%)</u>	<u>Current Discount Rate (2.06%)</u>	<u>1% Increase to Discount Rate (3.06%)</u>
Total OPEB Liability	<u>\$ 397,988,741</u>	<u>\$ 337,068,554</u>	<u>\$ 289,104,154</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>\$ 288,138,820</u>	<u>\$ 337,068,554</u>	<u>\$ 398,990,123</u>

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

### 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, 2022, the City recognized OPEB-Health expense of \$1,635,012.

At December 31, 2022, 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	\$ 14,194,858	\$ 2,184,882
Changes in assumptions or inputs	24,016,574	10,331,752
Employer contributions subsequent to the measurement date	<u>8,375,836</u>	<u>-</u>
	<u>46,587,268</u>	<u>12,516,634</u>
<u>Business Type Activities</u>		
Differences between actual and expected experience	2,519,189	1,069,402
Changes in assumptions or inputs	3,563,779	2,233,162
Employer contributions subsequent to the measurement date	<u>1,410,233</u>	<u>-</u>
	<u>7,493,201</u>	<u>3,302,564</u>
 Total	 <u>\$ 54,080,469</u>	 <u>\$ 15,819,198</u>

The \$9,786,069 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, 2023. 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>
2023	\$3,240,722
2024	8,723,904
2025	11,054,497
2026	5,389,199
2027	57,681
Thereafter	9,199

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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 member 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 member contribution
25% Post Retirement Coverage	20% of member contribution

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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
35-39	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 \$18,940 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, 2022 the City reported a liability of \$5,469,486 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. 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, 2021, the City's proportion was .92540500%, which was a decrease of .07698200% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the City recognized OPEB-Life expense of \$680,138.

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

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

At December 31, 2022, 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	\$ -	\$ 278,232
Changes in assumptions	1,655,048	267,637
Net differences between projected and investment earnings	71,162	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	161,718	258,457
Employer contributions subsequent to the measurement date	18,617	-
Total	<u>\$ 1,906,545</u>	<u>\$ 804,326</u>

\$18,617 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, 2023. 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>
2023	\$269,010
2024	260,754
2025	230,036
2026	273,410
2027	91,510
Thereafter	(41,118)

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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.)***

**Actuarial assumptions.** The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset)	December 31, 2021
Experience Study:	January 1, 2018-December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on the experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 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.

# CITY OF RACINE

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

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

#### Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. Intermediate Credit Bonds	Bloomberg US Interm Credi	45%	1.68%
U.S. Credit Bonds	Bloomberg US Long Credit	5.00%	1.82%
U.S. Mortgages	Bloomberg US MBS	50.00%	1.94%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.15%. 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. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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 2.17% was used to measure the total OPEB liability for the current year as opposed to a discount rate of 2.25% for the prior year. 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 2.17%, 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 (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
Proportionate share of the net OPEB liability	<u>\$7,420,120</u>	<u>\$5,469,486</u>	<u>\$4,001,714</u>

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

One major customer accounted for 15.5% of Water Utility gross sales aggregating \$3,784,514 and 15.7% of gross sales aggregating \$3,861,402 in 2022 and 2021, respectively.

Two major customers accounted for 15.2% and 12.4 % of Wastewater Utility gross sales aggregating \$3,238,769 in 2022.

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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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, 2022 and 2021 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 \$516,361 and \$1,062,814 for 2022 and 2021, 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 resident's 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, 2022

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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 \$305,466 of REC fee revenue in 2022.

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, 2022 the Utility reporting an outstanding receivable from the Village in due from other governments on the statement of net position of \$0.

The amendment also establishes the 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, 2022 the Water Utility received no shortfall payments from the Village.

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, 2022, the Water Utility held \$3,015,125 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, 2022, the Wastewater Utility had excess collections of \$5,769,503 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, 2022

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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**

Subsequent to year end, the City settled 4 collective bargaining agreements with public safety unions. All pay due retroactively has been included in accrued payroll in the 2022 financial statement.

- On March 7, 2023, via Common Council Resolution #0217-23 the Common Council approved the negotiated collective bargaining agreement with Local 321, International Association of Firefighters for the years 2021-2024.
- On March 21, 2023, via Common Council Resolution #0249-23 the Common Council approved the negotiated collective bargaining agreement with the Racine Police Association for the years 2021-2024.
- On April 17, 2023, via Common Council Resolution #0339-23 the Common Council approved the negotiated collective bargaining agreement with the Fire Staff Officers Association for the years 2021-2024.
- On May 16, 2023, via Common Council Resolution #0460-23 the Common Council approved the negotiated collective bargaining agreement with the Police Staff Officers Association for the years 2021-2024.

##### **L. RESTATEMENT**

During the year ended December 31, 2022, beginning net position of the Water Utility and the Wastewater Utility were restarted for the implementation of GASB Statement No. 87 to record the impact of recording right to use lease assets and related lease liabilities and the lease receivable and deferred inflows related to leases. In addition the Wastewater Utility net position was restated to reflect an expense omission on the 2021 Financial Statements.

	Water Utility	Wastewater Utility
12/31/21 Net Position Previously Reported	\$ 159,718,120	\$ 33,372,128
Net Impact of adoption of GASB 87-Leases	70,707	(54,428)
Omission of expense in prior year	-	(538,187)
12/31/21 Net Position as Restated	<u>\$ 159,788,827</u>	<u>\$ 32,779,513</u>

## CITY OF RACINE

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

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

- > Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- > Statement No. 96, *Subscription-Based Information Technology Arrangements*
- > Statement No. 99, *Omnibus 2022*
- > Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*
- > Statement No. 101, *Compensated Absences*

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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Governmental Activities</u></b>					
Service Cost	\$ 5,417,604	\$ 4,524,265	\$ 4,561,773	\$ 5,774,719	\$ 5,190,182
Interest on total OPEB Liability	5,595,807	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	29,226,377	22,060,930	(25,520,780)	(26,677,205)	14,443,077
Benefit Payments	<u>(8,375,836)</u>	<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>31,863,952</u>	<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>265,764,163</u>	<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>\$ 297,628,115</u>	<u>\$ 265,764,163</u>	<u>\$ 243,601,976</u>	<u>\$ 270,701,217</u>	<u>\$ 291,940,187</u>
Covered Employee Payroll	\$ 48,109,708	\$ 45,055,269	\$ 45,398,488	\$ 43,503,529	\$ 41,932,280
Total OPEB Liability as a Percentage of Covered Payroll	618.64%	589.86%	536.59%	622.25%	696.22%
<b><u>Business Type Activities</u></b>					
Service Cost	\$ 868,824	\$ 694,099	\$ 698,995	\$ 1,013,250	\$ 785,602
Interest on total OPEB Liability	889,650	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	2,027,319	3,531,196	(4,116,413)	(4,428,078)	2,051,148
Benefit Payments	<u>(2,453,514)</u>	<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>1,332,279</u>	<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>38,108,160</u>	<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>\$ 39,440,439</u>	<u>\$ 38,108,160</u>	<u>\$ 34,662,558</u>	<u>\$ 39,993,428</u>	<u>\$ 43,492,249</u>
Covered Employee Payroll	\$ 8,301,490	\$ 8,947,955	\$ 8,265,132	\$ 8,787,027	\$ 7,951,687
Total OPEB Liability as a Percentage of Covered Payroll	475.10%	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, 2022

	<u>2022</u>	<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)	0.00000000%	1.00238700%	0.98002870%	0.95373400%	0.92586300%
Employer's proportionate share of the net OPEB liability (asset)	\$ 5,469,486	\$ 5,513,852	\$ 4,174,253	\$ 2,460,957	\$ 2,785,534
Employer's covered-employee payroll	\$ 52,265,000	\$ 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	10.46%	10.79%	8.22%	5.08%	7.15%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	29.57%	31.36%	37.58%	48.69%	44.81%
Schedule of Employer Contributions (Fiscal Year Basis)					
Contractually required contributions	\$ 18,617	\$ 18,408	\$ 19,863	\$ 19,387	\$ 18,335
Contributions in relation to the contractually required contributions	\$ (18,617)	\$ (18,408)	\$ (19,863)	\$ (19,387)	\$ (18,335)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 56,411,198	\$ 54,003,224	\$ 57,250,278	\$ 54,654,395	\$ 52,350,961
Contributions as a percentage of covered-employee payroll	3.00%	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, 2022

	<u>2022</u>	<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)	0.49040709%	0.49580833%	0.48246164%	0.47161079%	0.46066710%	0.457494490%	0.46004473%	0.473551710%
Employer's proportionate share of the net pension liability (asset)	\$ (39,527,713)	\$ (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	\$ 54,003,223	\$ 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	73.20%	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)	106.02%	105.26%	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%
Schedule of Employer Contributions (Fiscal Year Basis)								
Contractually required contributions	\$ 5,665,578	\$ 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	\$ (5,665,578)	\$ (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	\$ 56,411,198	\$ 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	10.10%	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**  
**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, 2022

**2022**

Schedule of Employer Contributions (Fiscal Year Basis)

Contractually required contributions	\$ 966,403
Contributions in relation to the contractually required contributions	\$ (966,403)
Contribution deficiency (excess)	\$ -
Employer's covered-employee payroll	\$ 2,963,905
Contributions as a percentage of covered-employee payroll	32.61%

\*This schedule is presented to illustrate the requirements to show information for 10 years. Transit system did not have employees prior to 2022 and therefore, 2022 is the first year of the 10 year presentation.

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, 2022

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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**

##### **Wisconsin Retirement System**

The City is required to present the last ten fiscal years data; however the standards allow the City to present as many years as are available until ten fiscal years are presented.

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

*Changes in assumptions.* Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

## CITY OF RACINE

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2022

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#### **Other Postemployment Benefits, Health Insurance**

The data presented in the Schedule of Changes in the Total OPEB Liability and Related Ratios was taken from the reports issued by the actuary.

The City is required to present the last ten fiscal years data; however the standards allow the City to present as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for the City.

*Changes in assumptions.* Changes in assumptions from the previous study are as follows:

- The discount rate was changed from 2.12% to 2.06%
- Expected claims and medical trend rates were changed to reflect the anticipated experience under the most recent Getzen model application

#### **Other Postemployment Benefits, Local Retiree Life Insurance Fund**

The City is required to present the last ten fiscal years data; however the standards allow the City to present as many years as are available until ten fiscal years are presented.

*Changes in benefit terms.* There were no changes of benefit terms for any participating employer in the Local Retiree Life Insurance Fund.

*Changes in assumptions.* In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.0% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

## **SUPPLEMENTARY INFORMATION**

**CITY OF RACINE**  
Nonmajor Governmental Funds

**COMBINING BALANCE SHEET**  
As of December 31, 2022

	Special Revenue Funds				
	HUD Grants	State Grants	Other Agency Grants	Federal Grants	Loans
<b>ASSETS</b>					
Cash and investments	\$ 430,595	\$ 78,475	\$ 207,044	\$ 684,329	\$ 3,287,700
Receivables					
Property taxes	-	-	-	-	-
Special assessment - tax roll	-	-	-	-	-
Special assessment	-	-	-	-	-
Accrued interest	-	-	-	-	242,509
Accounts	-	-	77,726	-	-
Loans and notes (net)	5,502	-	-	1,872,024	3,705,766
Prepaid expenses	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	1,543,177	776,349	-	1,249,740	-
Assets held for resale	-	-	-	-	-
Advances to component unit	-	-	-	-	-
Advances to other funds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 1,979,274</u>	<u>\$ 854,824</u>	<u>\$ 284,770</u>	<u>\$ 3,806,093</u>	<u>\$ 7,235,975</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 967,991	\$ 79,054	\$ 40,000	\$ 256,485	\$ 20,356
Accrued liabilities	-	-	-	-	57,388
Due to other funds	723,690	682,677	-	962,726	-
Due to other governments	2,219	-	-	-	16,587
Deferred revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>1,693,900</u>	<u>761,731</u>	<u>40,000</u>	<u>1,219,211</u>	<u>94,331</u>
Deferred Inflows of Resources					
Unavailable revenues	5,502	-	-	1,872,024	3,705,766
Unearned revenues	-	92,113	244,770	137,293	233,484
Unearned property tax revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>5,502</u>	<u>92,113</u>	<u>244,770</u>	<u>2,009,317</u>	<u>3,939,250</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	279,872	980	-	577,565	3,202,394
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total Fund Balances	<u>279,872</u>	<u>980</u>	<u>-</u>	<u>577,565</u>	<u>3,202,394</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 1,979,274</u>	<u>\$ 854,824</u>	<u>\$ 284,770</u>	<u>\$ 3,806,093</u>	<u>\$ 7,235,975</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

**COMBINING BALANCE SHEET**  
As of December 31, 2022

Special Revenue Funds							
Special Assessments	Restricted	Trusts	Library	Recycling	Municipal Court	Cemetery	Private Property Maintenance
\$ 361,278	\$ 1,351,895	\$ 1,944,347	\$ 227,294	\$ 708,136	\$ 19,604	\$ 402,446	\$ 674,185
-	27,780	-	2,257,317	1,812,917	210,544	219,129	144,731
361,348	-	-	-	-	-	-	-
1,040,771	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,000	-	-	-	-	(323)	147,223
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,680
-	-	-	-	-	-	-	-
-	-	-	49,201	-	-	-	-
-	-	-	-	-	-	-	-
-	140,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,763,397</u>	<u>\$ 1,520,675</u>	<u>\$ 1,944,347</u>	<u>\$ 2,533,812</u>	<u>\$ 2,521,053</u>	<u>\$ 230,148</u>	<u>\$ 621,252</u>	<u>\$ 968,819</u>
\$ -	\$ 35,747	\$ 376,775	\$ 13,276	\$ 30,310	\$ 14,134	\$ 23,549	\$ 58,434
225,660	20,528	-	52,794	5,788	76	3,624	12,287
-	77,715	172,653	-	-	-	-	-
-	-	-	60	-	-	-	1,084
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>225,660</u>	<u>133,990</u>	<u>549,428</u>	<u>66,130</u>	<u>36,098</u>	<u>14,210</u>	<u>27,173</u>	<u>71,805</u>
1,041,346	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
361,348	27,780	-	2,257,317	1,812,917	210,544	219,129	144,731
<u>1,402,694</u>	<u>27,780</u>	<u>-</u>	<u>2,257,317</u>	<u>1,812,917</u>	<u>210,544</u>	<u>219,129</u>	<u>144,731</u>
-	-	-	-	-	-	-	-
135,043	856,992	1,394,919	210,365	-	-	-	-
-	451,338	-	-	672,038	5,394	374,950	752,283
-	50,575	-	-	-	-	-	-
<u>135,043</u>	<u>1,358,905</u>	<u>1,394,919</u>	<u>210,365</u>	<u>672,038</u>	<u>5,394</u>	<u>374,950</u>	<u>752,283</u>
<u>\$ 1,763,397</u>	<u>\$ 1,520,675</u>	<u>\$ 1,944,347</u>	<u>\$ 2,533,812</u>	<u>\$ 2,521,053</u>	<u>\$ 230,148</u>	<u>\$ 621,252</u>	<u>\$ 968,819</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

**COMBINING BALANCE SHEET**  
As of December 31, 2022

	Special Revenue Funds			Capital Projects Funds	
	Sanitary Sewer Maintenance	Health Lab	Room Tax	City Projects	Capital Grants
<b>ASSETS</b>					
Cash and investments	\$ 723,198	\$ 24,535	\$ 420,625	\$ 706,712	\$ -
Receivables					
Property taxes	2,200,425	-	-	-	-
Special assessment - tax roll	-	-	-	-	-
Special assessment	-	-	-	-	-
Accrued interest	-	-	-	-	-
Accounts	-	-	89,663	-	-
Loans and notes	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Due from other funds	307,837	-	-	6,012,366	-
Due from other governments	-	-	-	149,592	207,138
Assets held for resale	-	-	-	-	-
Advances to component unit	-	-	-	120,000	-
Advances to other funds	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 3,231,460</u>	<u>\$ 24,535</u>	<u>\$ 510,288</u>	<u>\$ 6,988,670</u>	<u>\$ 207,138</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 218,966	\$ -	\$ 47,322	\$ 569,556	\$ 725
Accrued liabilities	1,296	-	-	663	-
Due to other funds	-	-	-	347,371	206,413
Due to other governments	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>220,262</u>	<u>-</u>	<u>47,322</u>	<u>917,590</u>	<u>207,138</u>
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Unearned property tax revenue	2,200,425	-	-	-	-
Total Deferred Inflows of Resources	<u>2,200,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	810,773	24,535	462,966	6,071,080	-
Assigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>810,773</u>	<u>24,535</u>	<u>462,966</u>	<u>6,071,080</u>	<u>-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 3,231,460</u>	<u>\$ 24,535</u>	<u>\$ 510,288</u>	<u>\$ 6,988,670</u>	<u>\$ 207,138</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

**COMBINING BALANCE SHEET**  
As of December 31, 2022

Capital Projects Funds			Permanent Fund	Total
General Obligation Bond Projects	Equipment Replacement	Intergovernmental Revenue Sharing	Endowment Fund	Nonmajor Governmental Funds
\$ 12,816,467	\$ 1,993,340	\$ 5,421,310	\$ 2,150,226	\$ 34,633,741
-	-	-	-	6,872,843
-	-	-	-	361,348
-	-	-	-	1,040,771
-	-	-	-	242,509
-	-	-	-	315,289
-	-	-	-	5,583,292
-	-	-	-	2,680
-	-	-	-	6,320,203
-	-	-	-	3,975,197
-	-	-	-	-
-	-	220,832	-	480,832
-	-	9,895,518	-	9,895,518
<u>\$ 12,816,467</u>	<u>\$ 1,993,340</u>	<u>\$ 15,537,660</u>	<u>\$ 2,150,226</u>	<u>\$ 69,724,223</u>
\$ 2,040,870	\$ 408,129	\$ 174,430	\$ 65,262	\$ 5,441,371
12,393	-	-	-	392,497
-	-	-	15,505	3,188,750
-	-	-	-	19,950
-	-	-	-	-
-	-	-	-	-
<u>2,053,263</u>	<u>408,129</u>	<u>174,430</u>	<u>80,767</u>	<u>9,042,568</u>
-	-	-	-	6,624,638
-	-	-	-	707,660
-	-	-	-	7,234,191
-	-	-	-	14,566,489
-	-	-	-	-
-	-	15,363,230	2,069,459	24,090,819
10,763,204	1,585,211	-	-	21,973,772
-	-	-	-	50,575
<u>10,763,204</u>	<u>1,585,211</u>	<u>15,363,230</u>	<u>2,069,459</u>	<u>46,115,166</u>
<u>\$ 12,816,467</u>	<u>\$ 1,993,340</u>	<u>\$ 15,537,660</u>	<u>\$ 2,150,226</u>	<u>\$ 69,724,223</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
For the Year Ended December 31, 2022

	Special Revenue Funds			
	HUD Grants	State Grants	Other Agency Grants	Federal Grants
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special charges and assessments	-	-	-	-
Intergovernmental	3,302,246	1,576,757	98,816	902,760
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	-	-	-	13,463
Miscellaneous and investment income (loss)	-	-	41,484	-
Total Revenues	<u>3,302,246</u>	<u>1,576,757</u>	<u>140,300</u>	<u>916,223</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	140,300	-
Health	-	742,062	-	27,154
Public safety	-	286,841	-	630,117
Public works	-	530,659	-	-
Education and recreation	-	-	-	-
Community development	2,571,200	23,417	-	221,447
Debt Service - interest and fiscal charges	-	-	-	-
Capital outlay	<u>333,390</u>	<u>34,172</u>	<u>-</u>	<u>11,904</u>
Total Expenditures	<u>2,904,590</u>	<u>1,617,151</u>	<u>140,300</u>	<u>890,622</u>
Excess (deficiency) of revenues over expenditures	<u>397,656</u>	<u>(40,394)</u>	<u>-</u>	<u>25,601</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	-
Premium on long-term debt	-	-	-	-
Transfers in	147,296	40,478	-	8,483
Transfers out	<u>(467,213)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(319,917)</u>	<u>40,478</u>	<u>-</u>	<u>8,483</u>
<b>Net Change in Fund Balances</b>	77,739	84	-	34,084
FUND BALANCES - Beginning of Year	<u>202,133</u>	<u>896</u>	<u>-</u>	<u>543,481</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 279,872</u>	<u>\$ 980</u>	<u>\$ -</u>	<u>\$ 577,565</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
For the Year Ended December 31, 2022

Special Revenue Funds						
Loans	Special Assessments	Restricted	Trusts	Library	Recycling	Municipal Court
\$ -	\$ -	\$ 6	\$ -	\$ 2,257,318	\$ -	\$ 163,626
-	405,642	-	-	-	-	-
1,314	-	104,190	-	2,158,638	314,655	-
-	-	-	-	-	-	-
-	-	61,355	-	-	-	143,892
791,052	-	273,303	-	20,892	1,935,278	-
(35,653)	32,034	240,083	87,347	1,648	91,397	(1,385)
<u>756,713</u>	<u>437,676</u>	<u>678,937</u>	<u>87,347</u>	<u>4,438,496</u>	<u>2,341,330</u>	<u>306,133</u>
-	-	-	-	-	-	-
-	-	659	-	-	-	-
-	-	204,763	-	-	-	326,983
-	-	16,613	-	-	1,793,445	-
-	-	218,741	449,076	4,380,954	-	-
116,366	-	55,527	-	-	-	-
-	-	-	-	-	-	-
-	-	101,545	2,567,818	40,640	-	-
<u>116,366</u>	<u>-</u>	<u>597,848</u>	<u>3,016,894</u>	<u>4,421,594</u>	<u>1,793,445</u>	<u>326,983</u>
<u>640,347</u>	<u>437,676</u>	<u>81,089</u>	<u>(2,929,547)</u>	<u>16,902</u>	<u>547,885</u>	<u>(20,850)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
785,507	-	-	-	-	-	53,000
(324,550)	(1,381,597)	-	-	-	-	-
<u>460,957</u>	<u>(1,381,597)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,000</u>
1,101,304	(943,921)	81,089	(2,929,547)	16,902	547,885	32,150
<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>
<u>\$ 3,202,394</u>	<u>\$ 135,043</u>	<u>\$ 1,358,905</u>	<u>\$ 1,394,919</u>	<u>\$ 210,365</u>	<u>\$ 672,038</u>	<u>\$ 5,394</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
For the Year Ended December 31, 2022

	Special Revenue Funds				
	Cemetery	Private Property Maintenance	Sanitary Sewer Maintenance	Health Lab	Room Tax
<b>REVENUES</b>					
Taxes	\$ 204,720	\$ 109,782	\$ -	\$ 130,100	\$ 583,196
Special charges and assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines and Forfeitures	-	251,983	-	-	-
Charges for services	348,070	262,154	2,240,728	4,435	-
Miscellaneous and investment income (loss)	(17,026)	(15,632)	(45,177)	(1,617)	6,882
Total Revenues	<u>535,764</u>	<u>608,287</u>	<u>2,195,551</u>	<u>132,918</u>	<u>590,078</u>
<b>EXPENDITURES</b>					
Current					
General Government	-	-	-	-	-
Health	-	-	-	146,303	-
Public safety	-	-	-	-	-
Public works	-	-	997,000	-	-
Education and recreation	611,489	-	-	-	-
Community development	-	1,185,821	-	-	410,041
Debt Service - interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	935,772	-	-
Total Expenditures	<u>611,489</u>	<u>1,185,821</u>	<u>1,932,772</u>	<u>146,303</u>	<u>410,041</u>
Excess (deficiency) of revenues over expenditures	<u>(75,725)</u>	<u>(577,534)</u>	<u>262,779</u>	<u>(13,385)</u>	<u>180,037</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	-	-	-	-	-
Premium on long-term debt	-	-	-	-	-
Transfers in	-	421,006	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>421,006</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(75,725)</u>	<u>(156,528)</u>	<u>262,779</u>	<u>(13,385)</u>	<u>180,037</u>
FUND BALANCES - Beginning of Year	<u>450,675</u>	<u>908,811</u>	<u>547,994</u>	<u>37,920</u>	<u>282,929</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 374,950</u>	<u>\$ 752,283</u>	<u>\$ 810,773</u>	<u>\$ 24,535</u>	<u>\$ 462,966</u>

# CITY OF RACINE

## Nonmajor Governmental Funds

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES For the Year Ended December 31, 2022

Capital Project Funds			
City Projects	Capital Grants	General Obligation Bond Projects	Equipment Replacement
\$ -	\$ -	\$ -	\$ -
-	-	-	-
644,522	207,138	10,080	-
-	-	-	-
-	-	-	-
4,164,526	-	-	-
-	-	(458,222)	199,414
<u>4,809,048</u>	<u>207,138</u>	<u>(448,142)</u>	<u>199,414</u>
-	-	-	-
-	-	-	-
-	-	-	8,187
1,147,037	-	668,979	-
-	-	-	-
-	-	-	-
1,015,070	-	65,311	-
<u>2,347,621</u>	<u>207,138</u>	<u>8,774,519</u>	<u>2,532,027</u>
<u>4,509,728</u>	<u>207,138</u>	<u>9,508,809</u>	<u>2,540,214</u>
 <u>299,320</u>	 <u>-</u>	 <u>(9,956,951)</u>	 <u>(2,340,800)</u>
-	-	10,908,500	3,811,500
-	-	31,648	-
1,381,597	-	-	-
-	-	(1,224,013)	(914,264)
<u>1,381,597</u>	<u>-</u>	<u>9,716,135</u>	<u>2,897,236</u>
1,680,917	-	(240,816)	556,436
<u>4,390,163</u>	<u>-</u>	<u>11,004,020</u>	<u>1,028,775</u>
 <u>\$ 6,071,080</u>	 <u>\$ -</u>	 <u>\$ 10,763,204</u>	 <u>\$ 1,585,211</u>

**CITY OF RACINE**  
Nonmajor Governmental Funds

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
For the Year Ended December 31, 2022

	Capital Projects Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Intergovernmental Revenue Sharing	Endowment Fund	
<b>REVENUES</b>			
Taxes	\$ -	\$ -	\$ 3,448,748
Special charges and assessments	-	-	405,642
Intergovernmental	2,185,109	-	11,506,225
Licenses and permits	-	-	-
Fines and Forfeitures	-	-	457,230
Charges for services	-	-	10,053,901
Miscellaneous and investment income (loss)	(8,963)	(362,588)	(245,974)
Total Revenues	<u>2,176,146</u>	<u>(362,588)</u>	<u>25,625,772</u>
<b>EXPENDITURES</b>			
Current			
General Government	-	-	140,300
Health	-	-	916,178
Public safety	-	-	1,456,891
Public works	-	-	5,153,733
Education and recreation	-	316,519	5,976,779
Community development	1,127,108	-	5,710,927
Debt Service - interest and fiscal charges	-	-	1,080,381
Capital outlay	-	67,160	17,953,706
Total Expenditures	<u>1,127,108</u>	<u>383,679</u>	<u>38,388,895</u>
Excess (deficiency) of revenues over expenditures	<u>1,049,038</u>	<u>(746,267)</u>	<u>(12,763,123)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-term debt issued	-	-	14,720,000
Premium on long-term debt	-	-	31,648
Transfers in	-	-	2,837,367
Transfers out	-	-	(4,311,637)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>13,277,378</u>
<b>Net Change in Fund Balances</b>	1,049,038	(746,267)	514,255
FUND BALANCES - Beginning of Year	<u>14,314,192</u>	<u>2,815,726</u>	<u>45,600,911</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 15,363,230</u>	<u>\$ 2,069,459</u>	<u>\$ 46,115,166</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, 2022

	Library			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 2,257,317	\$ 2,257,217	\$ 2,257,318	\$ 101
Intergovernmental	2,016,814	2,175,597	2,158,638	(16,959)
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	11,000	11,000	20,892	9,892
Miscellaneous and investment income (loss)	10,000	10,000	1,648	(8,352)
Total Revenues	<u>4,295,131</u>	<u>4,453,814</u>	<u>4,438,496</u>	<u>(15,318)</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Health	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Education and recreation	4,260,131	4,441,919	4,380,954	60,965
Community development	-	-	-	-
Capital outlay	35,000	52,239	40,640	11,599
Total Expenditures	<u>4,295,131</u>	<u>4,494,158</u>	<u>4,421,594</u>	<u>72,564</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(40,344)</u>	<u>16,902</u>	<u>57,246</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>\$ -</u>	<u>\$ (40,344)</u>	<u>16,902</u>	<u>\$ 57,246</u>
FUND BALANCES - Beginning of Year			<u>193,463</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 210,365</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, 2022

Recycling				Municipal Court			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ 163,626	\$ 163,626	\$ 163,626	\$ -
315,446	315,446	314,655	(791)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	200,000	200,000	143,892	(56,108)
1,887,696	1,887,696	1,935,278	47,582	-	-	-	-
50,000	50,000	91,397	41,397	-	-	(1,385)	(1,385)
<u>2,253,142</u>	<u>2,253,142</u>	<u>2,341,330</u>	<u>88,188</u>	<u>363,626</u>	<u>363,626</u>	<u>306,133</u>	<u>(57,493)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	363,626	363,626	326,983	36,643
2,253,142	2,397,495	1,793,445	604,050	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,253,142</u>	<u>2,397,495</u>	<u>1,793,445</u>	<u>604,050</u>	<u>363,626</u>	<u>363,626</u>	<u>326,983</u>	<u>36,643</u>
-	(144,353)	547,885	692,238	-	-	(20,850)	(20,850)
-	-	-	-	-	-	53,000	53,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	53,000	53,000
<u>\$ -</u>	<u>\$ (144,353)</u>	<u>547,885</u>	<u>\$ 692,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>32,150</u>	<u>\$ 32,150</u>
		<u>124,153</u>				<u>(26,756)</u>	
		<u>\$ 672,038</u>				<u>\$ 5,394</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, 2022

	Cemetery			
	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Taxes	\$ 204,720	\$ 204,720	\$ 204,720	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	374,000	374,000	348,070	(25,930)
Miscellaneous	-	-	(17,026)	(17,026)
Total Revenues	<u>578,720</u>	<u>578,720</u>	<u>535,764</u>	<u>(42,956)</u>
<b>EXPENDITURES</b>				
Current				
General Government	-	-	-	-
Health	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Education and recreation	678,720	901,168	611,489	289,679
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>678,720</u>	<u>901,168</u>	<u>611,489</u>	<u>289,679</u>
Excess (deficiency) of revenues over expenditures	<u>(100,000)</u>	<u>(322,448)</u>	<u>(75,725)</u>	<u>246,723</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>\$ (100,000)</u>	<u>\$ (322,448)</u>	<u>(75,725)</u>	<u>\$ 246,723</u>
FUND BALANCES - Beginning of Year			<u>450,675</u>	
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 374,950</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, 2022

Private Property Maintenance				Sanitary Sewer Maintenance			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 109,681	\$ 109,681	\$ 109,782	\$ 101	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
250,000	250,000	251,983	-	-	-	-	-
145,000	145,000	262,154	117,154	2,206,529	2,206,529	2,240,728	34,199
-	-	(15,632)	(15,632)	-	-	(45,177)	(45,177)
<u>504,681</u>	<u>504,681</u>	<u>608,287</u>	<u>101,623</u>	<u>2,206,529</u>	<u>2,206,529</u>	<u>2,195,551</u>	<u>(10,978)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,031,529	1,043,034	997,000	46,034
-	-	-	-	-	-	-	-
1,201,338	1,244,814	1,185,821	58,993	-	-	-	-
-	-	-	-	<u>1,175,000</u>	<u>1,701,104</u>	<u>935,772</u>	<u>765,332</u>
<u>1,201,338</u>	<u>1,244,814</u>	<u>1,185,821</u>	<u>58,993</u>	<u>2,206,529</u>	<u>2,744,138</u>	<u>1,932,772</u>	<u>811,366</u>
<u>(696,657)</u>	<u>(740,133)</u>	<u>(577,534)</u>	<u>162,599</u>	<u>-</u>	<u>(537,609)</u>	<u>262,779</u>	<u>800,388</u>
696,657	696,657	421,006	(275,651)	-	-	-	-
-	-	-	-	-	-	-	-
<u>696,657</u>	<u>696,657</u>	<u>421,006</u>	<u>(275,651)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ (43,476)	(156,528)	\$ (113,052)	\$ -	\$ (537,609)	262,779	\$ 800,388
		<u>908,811</u>				<u>547,994</u>	
		<u>\$ 752,283</u>				<u>\$ 810,773</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, 2022

	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	\$ 130,100	\$ 130,100	\$ -	\$ 367,000	\$ 367,000	\$ 583,196	\$ 216,196
Intergovernmental	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-
Charges for services	25,000	4,435	(20,565)	-	-	-	-
Miscellaneous	-	(1,617)	(1,617)	22,500	22,500	6,882	(15,618)
Total Revenues	<u>155,100</u>	<u>132,918</u>	<u>(22,182)</u>	<u>389,500</u>	<u>389,500</u>	<u>590,078</u>	<u>200,578</u>
<b>EXPENDITURES</b>							
Current							
General Government	-	-	-	-	-	-	-
Health	155,100	146,303	8,797	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Education and recreation	-	-	-	-	-	-	-
Community development	-	-	-	389,500	389,500	410,041	(20,541)
Capital outlay	-	-	-	-	-	-	-
Total Expenditures	<u>155,100</u>	<u>146,303</u>	<u>8,797</u>	<u>389,500</u>	<u>389,500</u>	<u>410,041</u>	<u>(20,541)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(13,385)</u>	<u>(13,385)</u>	<u>-</u>	<u>-</u>	<u>180,037</u>	<u>180,037</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>\$ -</u>	<u>(13,385)</u>	<u>\$ (13,385)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>180,037</u>	<u>\$ 180,037</u>
FUND BALANCES - Beginning of Year		<u>37,920</u>				<u>282,929</u>	
<b>FUND BALANCES - END OF YEAR</b>		<u>\$ 24,535</u>				<u>\$ 462,966</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, 2022

	Original and Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>			
Taxes	\$ 18,600,000	\$ 18,600,000	\$ -
Intergovernmental	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>18,600,000</u>	<u>18,600,000</u>	<u>-</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	16,165,000	30,790,000	(14,625,000)
Interest and fiscal charges	<u>3,317,040</u>	<u>3,362,357</u>	<u>(45,317)</u>
Total Expenditures	<u>19,482,040</u>	<u>34,152,357</u>	<u>(14,670,317)</u>
Deficiency of revenues over expenditures	<u>(882,040)</u>	<u>(15,552,357)</u>	<u>(14,670,317)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding bonds issued	-	14,655,000	14,655,000
Premium on long-term debt issued	-	366,855	366,855
Payment to escrow agent	-	-	-
Transfers in	<u>830,069</u>	<u>635,388</u>	<u>(194,681)</u>
Total Other Financing Sources (Uses)	<u>830,069</u>	<u>15,657,243</u>	<u>14,827,174</u>
<b>Net Change in Fund Balances</b>	<u>\$ (51,971)</u>	104,886	<u>\$ 156,857</u>
FUND BALANCES - Beginning of Year		<u>353,849</u>	
<b>FUND BALANCES - END OF YEAR</b>		<u>\$ 458,735</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, 2022

	General Obligation Bond Projects				Equipment Replacement Fund
	Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	10,080	10,080	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	(458,222)	(458,222)	118,500
Total Revenues	-	-	(448,142)	(448,142)	118,500
<b>EXPENDITURES</b>					
Current					
General administration	-	777,555	-	777,555	-
Public safety	-	-	-	-	-
Public works	684,175	684,175	668,979	15,196	-
Education and recreation	-	-	-	-	-
Community development	-	-	-	-	-
Debt service - interest and fiscal charges	-	-	65,311	(65,311)	-
Capital outlay	9,111,500	17,381,554	8,774,519	8,607,035	3,101,000
Total Expenditures	9,795,675	18,843,284	9,508,809	9,334,475	3,101,000
Excess (deficiency) of revenues over expenditures	(9,795,675)	(18,843,284)	(9,956,951)	8,886,333	(2,982,500)
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-term debt issued	10,869,875	10,869,875	10,908,500	38,625	3,811,500
Premium on long-term debt	-	-	31,648	31,648	-
Transfers out	(1,074,200)	(2,330,366)	(1,224,013)	1,106,353	(829,000)
Total Other Financing Sources (Uses)	9,795,675	8,539,509	9,716,135	1,176,626	2,982,500
<b>Net Change in Fund Balances</b>	\$ -	\$ (10,303,775)	(240,816)	\$ 10,062,959	\$ -
FUND BALANCES - Beginning of Year			11,004,020		
<b>FUND BALANCES - END OF YEAR</b>			<u>\$ 10,763,204</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, 2022

Equipment Replacement Fund			Intergovernmental Revenue Sharing			
Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	2,187,545	2,187,545	2,185,109	(2,436)
-	-	-	-	-	-	-
118,500	199,414	80,914	100,000	100,000	(8,963)	(108,963)
118,500	199,414	80,914	2,287,545	2,287,545	2,176,146	(111,399)
-	-	-	-	-	-	-
-	8,187	(8,187)	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	2,165,045	2,683,309	1,127,108	1,556,201
-	-	-	-	-	-	-
4,087,122	2,532,027	1,555,095	-	-	-	-
4,087,122	2,540,214	1,546,908	2,165,045	2,683,309	1,127,108	1,556,201
(3,968,622)	(2,340,800)	1,627,822	122,500	(395,764)	1,049,038	1,444,802
3,811,500	3,811,500	-	-	-	-	-
-	-	-	-	-	-	-
(914,264)	(914,264)	-	(122,500)	(122,500)	-	122,500
2,897,236	2,897,236	-	(122,500)	(122,500)	-	122,500
<u>\$(1,071,386)</u>	556,436	<u>\$ 1,627,822</u>	<u>\$ -</u>	<u>\$ (518,264)</u>	1,049,038	<u>\$ 1,567,302</u>
	1,028,775				14,314,192	
	<u>\$ 1,585,211</u>				<u>\$ 15,363,230</u>	

**CITY OF RACINE**  
Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET POSITION  
As of December 31, 2022

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Total
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 409,559	\$ 3,435	\$ 302,096	\$ 575,380	\$ 1,290,470
Receivables					
Accounts	(98)	-	105,256	7,225	112,383
Taxes	9,210	-	299,000	-	308,210
Due from other funds	-	-	-	-	-
Inventories	-	-	12,512	-	12,512
Prepaid items	-	-	2,451	-	2,451
Total Current Assets	<u>418,671</u>	<u>3,435</u>	<u>721,315</u>	<u>582,605</u>	<u>1,726,026</u>
Noncurrent Assets					
Pension asset	81,010	-	-	52,547	133,557
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	677,290	-	462,250	12,913	1,152,453
Construction in progress	-	-	-	-	-
Less: accumulated depreciation	(11,754,924)	(2,679,700)	(7,319,863)	(155,712)	(21,910,199)
Total Capital Assets, Net	<u>8,184,630</u>	<u>1,931,393</u>	<u>2,495,433</u>	<u>61,360</u>	<u>12,672,816</u>
Total Assets	<u>\$ 8,684,311</u>	<u>\$ 1,934,828</u>	<u>\$ 3,216,748</u>	<u>\$ 696,512</u>	<u>\$ 14,532,399</u>
Deferred Outflows of Resources					
Deferred amounts relating to pension	\$ 221,099	\$ -	\$ -	\$ 130,092	\$ 351,191
Deferred amounts relating to OPEB	230,727	-	-	91,540	322,267
Deferred amounts relating to life insurance	5,454	-	-	3,245	8,699
Total Deferred Outflows of Resources	<u>\$ 457,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,877</u>	<u>\$ 682,157</u>

**CITY OF RACINE**  
Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET POSITION  
As of December 31, 2022

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Total
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 85,418	\$ -	\$ 74,652	\$ -	\$ 160,070
Accrued liabilities	2,743	5,002	71,988	1,559	81,292
Due to other governments	-	-	-	-	-
Due to other funds	-	-	368,664	-	368,664
Total Current Liabilities	<u>88,161</u>	<u>5,002</u>	<u>515,304</u>	<u>1,559</u>	<u>610,026</u>
Noncurrent Liabilities					
Compensated absences	-	-	-	-	-
Net pension liability	-	-	-	-	-
Life insurance liability	14,189	-	-	10,050	24,239
OPEB obligation	2,258,680	-	-	1,032,493	3,291,173
Total Noncurrent Liabilities	<u>2,272,869</u>	<u>-</u>	<u>-</u>	<u>1,042,543</u>	<u>3,315,412</u>
Total Liabilities	<u>2,361,030</u>	<u>5,002</u>	<u>515,304</u>	<u>1,044,102</u>	<u>3,925,438</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred amounts relating to pension	285,486	-	-	164,186	449,672
Deferred amounts relating to OPEB	61,989	-	-	24,594	86,583
Deferred amounts relating to life insurance	2,304	-	-	1,381	3,685
Unearned property tax revenue	9,210	-	299,000	-	308,210
Total Deferred Inflows of Resources	<u>358,989</u>	<u>-</u>	<u>299,000</u>	<u>190,161</u>	<u>848,150</u>
<b>NET POSITION</b>					
Net Investment in capital assets	8,184,630	1,931,393	2,495,433	61,360	12,672,816
Restricted for pension asset	81,010	-	-	52,547	133,557
Unrestricted (deficit)	<u>(1,844,068)</u>	<u>(1,567)</u>	<u>(92,989)</u>	<u>(426,781)</u>	<u>(2,365,405)</u>
<b>TOTAL NET POSITION (Deficit)</b>	<u>\$ 6,421,572</u>	<u>\$ 1,929,826</u>	<u>\$ 2,402,444</u>	<u>\$ (312,874)</u>	<u>\$ 10,440,968</u>

**CITY OF RACINE**  
Nonmajor Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
For the Year Ended December 31, 2022

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 880,696	\$ -	\$ 172,919	\$ 43,197	\$ 1,096,812
Other	49	-	-	-	49
Total Operating Revenues	<u>880,745</u>	<u>-</u>	<u>172,919</u>	<u>43,197</u>	<u>1,096,861</u>
<b>OPERATING EXPENSES</b>					
Public Works	982,635	-	-	-	982,635
Public Safety	-	-	-	167,427	167,427
Education and recreation	-	-	467,571	-	467,571
Depreciation	<u>535,436</u>	<u>53,922</u>	<u>314,972</u>	<u>5,984</u>	<u>910,314</u>
Total Operating Expenses	<u>1,518,071</u>	<u>53,922</u>	<u>782,543</u>	<u>173,411</u>	<u>2,527,947</u>
Operating Loss (Income)	<u>(637,326)</u>	<u>(53,922)</u>	<u>(609,624)</u>	<u>(130,214)</u>	<u>(1,431,086)</u>
<b>NONOPERATING REVENUES</b>					
Investment income (loss)	(10,466)	(129)	-	(23,270)	(33,865)
Other	-	-	-	-	-
Tax levy	<u>9,210</u>	<u>-</u>	<u>299,000</u>	<u>-</u>	<u>308,210</u>
Total Nonoperating Revenues	<u>(1,256)</u>	<u>(129)</u>	<u>299,000</u>	<u>(23,270)</u>	<u>274,345</u>
(Loss) Income Before Transfers	<u>(638,582)</u>	<u>(54,051)</u>	<u>(310,624)</u>	<u>(153,484)</u>	<u>(1,156,741)</u>
<b>TRANSFERS IN</b>	<u>760,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>760,000</u>
Change in Net Position	121,418	(54,051)	(310,624)	(153,484)	(396,741)
 TOTAL NET POSITION (DEFICIT), Beginning of Year	 <u>6,300,154</u>	 <u>1,983,877</u>	 <u>2,713,068</u>	 <u>(159,390)</u>	 <u>10,837,709</u>
 <b>TOTAL NET POSITION (DEFICIT), END OF YEAR</b>	 <u>\$ 6,421,572</u>	 <u>\$ 1,929,826</u>	 <u>\$ 2,402,444</u>	 <u>\$ (312,874)</u>	 <u>\$ 10,440,968</u>

**CITY OF RACINE**  
Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2022

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 897,283	\$ -	\$ 96,118	\$ 42,773	\$ 1,036,174
Payments to suppliers	(963,577)	-	(437,893)	(45,818)	(1,447,288)
Payments to employees	(283,565)	-	-	(105,907)	(389,472)
Net Cash Flows From Operating Activities	(349,859)	-	(341,775)	(108,952)	(800,586)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Operating subsidies received-tax levy	9,210	-	299,000	-	308,210
Net Cash Flows From Noncapital Financing Activities	9,210	-	299,000	-	308,210
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Transfer from other funds for capital purposes	760,000	-	-	-	760,000
Net Cash Flows From Capital and Related Financing Activities	760,000	-	-	-	760,000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment Income (loss)	(10,467)	(127)	-	(23,270)	(33,864)
Net Cash Flows From Investing Activities	(10,467)	(127)	-	(23,270)	(33,864)
<b>Change in Cash and Cash Equivalents</b>	408,884	(127)	(42,775)	(132,222)	233,760
CASH AND CASH EQUIVALENTS - Beginning of Year	675	3,562	344,871	707,602	1,056,710
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 409,559</u>	<u>\$ 3,435</u>	<u>\$ 302,096</u>	<u>\$ 575,380</u>	<u>\$ 1,290,470</u>

**CITY OF RACINE**  
Nonmajor Enterprise Funds

**COMBINING STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2022

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Totals
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>					
Operating (loss) income provided	\$ (637,326)	\$ (53,922)	\$ (609,624)	\$ (130,214)	\$ (1,431,086)
Adjustments to Reconcile Operating Loss to net cash flows from operating activities:					
Other postemployment benefits	-	-	-	-	-
Depreciation	535,436	53,922	314,972	5,984	910,314
Changes in assets, deferred outflows, liabilities, and deferred inflows					
Accounts receivable	16,539	-	(76,801)	(424)	(60,686)
Inventories	-	-	(2,497)	-	(2,497)
Prepaid items	-	-	(1,588)	-	(1,588)
Accounts payable	63,188	-	39,673	(84)	102,777
Accrued liabilities	(15,350)	-	(1,813)	56	(17,107)
Deferred Outflows/Inflow activity	11,501	-	-	15,730	27,231
Due to other funds	(323,847)	-	(4,097)	-	(327,944)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>\$ (349,859)</b>	<b>\$ -</b>	<b>\$ (341,775)</b>	<b>\$ (108,952)</b>	<b>\$ (800,586)</b>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
None					

# CITY OF RACINE

## Internal Service Funds

### COMBINING STATEMENT OF NET POSITION

As of December 31, 2022

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
<b>ASSETS</b>						
Current Assets						
Cash and investments	\$ -	\$ -	\$ 134,586	\$ 14,902,615	\$ 158,490	\$ 15,195,691
Receivables						
Accounts	19,462	27,000	353	456,527	765	504,107
Inventories	559,006	-	-	-	-	559,006
Prepaid expenditures	-	-	-	-	-	-
Due from other funds	19,168	-	-	-	-	19,168
Total Current Assets	<u>597,636</u>	<u>27,000</u>	<u>134,939</u>	<u>15,359,142</u>	<u>159,255</u>	<u>16,277,972</u>
Noncurrent Assets						
Pension asset	602,921	289,031	355,313	-	-	1,247,265
Capital assets						
Land	32,879	-	-	-	-	32,879
Intangible assets	-	3,059,860	-	-	-	3,059,860
Buildings and land improvements	1,954,301	-	-	-	-	1,954,301
Equipment, furniture and vehicles	497,368	2,894,671	261,429	-	262,509	3,915,977
Less: Accumulated depreciation and amortization	<u>(1,957,397)</u>	<u>(3,437,689)</u>	<u>(260,262)</u>	<u>-</u>	<u>(262,509)</u>	<u>(5,917,857)</u>
	527,151	2,516,842	1,167	-	-	3,045,160
Construction in progress	-	-	-	-	-	-
Total Capital Assets (net of accumulated depreciation/amortization)	<u>527,151</u>	<u>2,516,842</u>	<u>1,167</u>	<u>-</u>	<u>-</u>	<u>3,045,160</u>
Total Assets	<u>\$ 1,727,708</u>	<u>\$ 2,832,873</u>	<u>\$ 491,419</u>	<u>\$ 15,359,142</u>	<u>\$ 159,255</u>	<u>\$ 20,570,397</u>
Deferred Outflows of Resources						
Deferred amounts relating to pension	\$ 1,191,627	\$ 580,575	\$ 726,166	\$ -	\$ -	\$ 2,498,368
Deferred amounts relating to life insurance	26,459	13,011	16,605	-	-	56,075
Total Deferred Outflows of Resources	<u>\$ 1,218,086</u>	<u>\$ 593,586</u>	<u>\$ 742,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,554,443</u>

# CITY OF RACINE

## Internal Service Funds

### COMBINING STATEMENT OF NET POSITION

As of December 31, 2022

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
<b>LIABILITIES</b>						
Current Liabilities						
Accounts payable	\$ 52,116	\$ 316,080	\$ 76,069	\$ 332,680	\$ 7,307	\$ 784,252
Accrued liabilities	27,595	15,648	18,147	731,214	-	792,604
Due to other funds	107,786	178,205	12,534	-	-	298,525
Total Current Liabilities	<u>187,497</u>	<u>509,933</u>	<u>106,750</u>	<u>1,063,894</u>	<u>7,307</u>	<u>1,875,381</u>
Noncurrent Liabilities						
Life insurance liability	76,264	39,315	47,592	-	-	163,171
Compensated absences	41,864	7,924	18,294	-	-	68,082
Total Noncurrent Liabilities	<u>118,128</u>	<u>47,239</u>	<u>65,886</u>	<u>-</u>	<u>-</u>	<u>231,253</u>
Total Liabilities	<u>305,625</u>	<u>557,172</u>	<u>172,636</u>	<u>1,063,894</u>	<u>7,307</u>	<u>2,106,634</u>
Deferred Inflows of Resources						
Deferred amounts relating to pension	1,380,370	728,306	863,857	-	-	2,972,533
Deferred amounts relating to life insurance	11,148	5,486	6,990	-	-	23,624
Total Deferred Inflows of Resources	<u>1,391,518</u>	<u>733,792</u>	<u>870,847</u>	<u>-</u>	<u>-</u>	<u>2,996,157</u>
<b>NET POSITION</b>						
Net investment in capital assets	527,151	2,516,842	1,167	-	-	3,045,160
Restricted for pension asset	602,921	289,031	355,313	-	-	1,247,265
Unrestricted (deficit)	118,579	(670,378)	(165,773)	14,295,248	151,948	13,729,624
<b>TOTAL NET POSITION</b>	<u>\$ 1,248,651</u>	<u>\$ 2,135,495</u>	<u>\$ 190,707</u>	<u>\$ 14,295,248</u>	<u>\$ 151,948</u>	<u>\$ 18,022,049</u>

# CITY OF RACINE

## Internal Service Funds

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

For the year ended December 31, 2022

	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	\$ 4,587,301	\$ -	\$ -	\$ -	\$ -	\$ 4,587,301
Health insurance premiums	-	-	-	19,795,643	-	19,795,643
Telephone service sales	-	-	-	-	112,695	112,695
Computer service sales	-	2,521,127	-	-	-	2,521,127
Facilities rent	-	-	3,131,729	-	-	3,131,729
Other	1,036	5,013	9	10,000	-	16,058
Total Operating Revenues	<u>4,588,337</u>	<u>2,526,140</u>	<u>3,131,738</u>	<u>19,805,643</u>	<u>112,695</u>	<u>30,164,553</u>
<b>OPERATING EXPENSES</b>						
Public Works						
Operating supplies and expenses	4,537,800	-	3,047,240	-	-	7,585,040
General administration						
Telephone expenses	-	-	-	-	90,906	90,906
Health insurance	-	-	-	17,746,802	-	17,746,802
Information systems	-	2,922,922	-	-	-	2,922,922
Depreciation and amortization	70,169	816,812	6,837	-	-	893,818
Total Operating Expenses	<u>4,607,969</u>	<u>3,739,734</u>	<u>3,054,077</u>	<u>17,746,802</u>	<u>90,906</u>	<u>29,239,488</u>
Operating (Loss) Income Before Transfers	(19,632)	(1,213,594)	77,661	2,058,841	21,789	925,065
<b>TRANSFER IN</b>	<u>-</u>	<u>1,547,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,547,470</u>
Change in Net Position	(19,632)	333,876	77,661	2,058,841	21,789	2,472,535
TOTAL NET POSITION, Beginning of Year	<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>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 1,248,651</u>	<u>\$ 2,135,495</u>	<u>\$ 190,707</u>	<u>\$ 14,295,248</u>	<u>\$ 151,948</u>	<u>\$ 18,022,049</u>

# CITY OF RACINE

## Internal Service Funds

### COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 4,581,287	\$ 3,023,721	\$ 3,134,151	\$ 19,522,996	\$ 112,250	\$ 30,374,405
Payments to suppliers	(2,754,052)	(2,527,510)	(1,939,159)	(16,652,500)	(141,599)	(24,014,820)
Payments to employees	(1,923,076)	(957,627)	(1,147,621)	(1,193,883)	-	(5,222,207)
Net Cash Flows From Operating Activities	(95,841)	(461,416)	47,371	1,676,613	(29,349)	1,137,378
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Transfer from other funds for capital purposes	-	1,547,470	-	-	-	1,547,470
Acquisition and construction of capital assets	-	(1,086,054)	-	-	-	(1,086,054)
Net Cash Flows From Capital and Related Financing Activities	-	461,416	-	-	-	461,416
<b>Change in Cash and Cash Equivalents</b>	(95,841)	-	47,371	1,676,613	(29,349)	1,598,794
CASH AND CASH EQUIVALENTS - Beginning of Year	95,841	-	87,215	13,226,002	187,839	13,596,897
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,586</u>	<u>\$ 14,902,615</u>	<u>\$ 158,490</u>	<u>\$ 15,195,691</u>

# CITY OF RACINE

## Internal Service Funds

### COMBINING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2022

#### 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	\$ (19,632)	\$ (1,213,594)	\$ 77,661	\$ 2,058,841	\$ 21,789	\$ 925,065
Adjustments to Reconcile Operating (Loss) Income to Net Cash						
Flows From Operating Activities						
Other post employment benefits	-	-	-	-	-	-
Depreciation/Amortization expense	70,169	816,812	6,837	-	-	893,818
Changes in assets, deferred outflows, liabilities, and deferred inflows						
Accounts receivable	2,586	497,581	2,413	(334,462)	(445)	167,673
Inventories and prepaids	(130,249)	-	-	-	-	(130,249)
Due from other funds	(9,635)	-	(2,665)	51,815	-	39,515
Pension benefits	-	-	-	-	-	-
Changes in deferred outflows/inflows	(122,719)	(43,097)	(59,092)	-	-	(224,908)
Accounts payable	10,662	(164,812)	28,626	50,918	(50,693)	(125,299)
Accrued liabilities	(4,809)	5,944	(6,409)	(150,499)	-	(155,773)
Due to other funds	107,786	(360,250)	-	-	-	(252,464)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>\$ (95,841)</b>	<b>\$ (461,416)</b>	<b>\$ 47,371</b>	<b>\$ 1,676,613</b>	<b>\$ (29,349)</b>	<b>\$ 1,137,378</b>

#### NONCASH CAPITAL AND

#### RELATED FINANCING ACTIVITIES

None

**CITY OF RACINE**

Component Unit

**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2022

	Redevelopment Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers and users	\$ 1,434,438
Payments to suppliers	(997,265)
Net Cash Flows From Operating Activities	<u>437,173</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
<b>ACTIVITIES</b>	
Investment Income (loss)	<u>(22,898)</u>
Net Cash Flows From Capital and Related Investing Activities	<u>(22,898)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING</b>	
<b>ACTIVITIES</b>	
Proceeds from sale of assets	-
Operating subsidies received-City	<u>285,000</u>
Net Cash Flows From Noncapital and Related Financing Activities	<u>285,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING</b>	
<b>ACTIVITIES</b>	
Capital contribution received	1,062,402
Acquisition and construction of capital assets	<u>(1,062,402)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>
<b>Change in Cash and Cash Equivalents</b>	699,275
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>745,357</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 1,444,632</u></u>

# CITY OF RACINE

Component Unit

## STATEMENT OF CASH FLOWS For the Year Ended December 31, 2022

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	<u>Redevelopment Authority</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED FLOWS FROM OPERATING ACTIVITIES</b>	
Operating Income	\$ 136,526
Adjustments to Reconcile Operating Income to Net Cash	
Changes in assets and liabilities	
Accounts receivable	(2,384)
Accounts payable	303,031
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>\$ 437,173</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
None	