

CITY OF RACINE

Racine, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Year Ended December 31, 2023

CITY OF RACINE

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Independent Auditors' Report

To the Common 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, 2023, 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, 2023 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 85 percent, 81 percent and 71 percent, respectively of the assets, net position and revenues of the business-type activities or the Downtown Racine Business Improvement District, a discretely presented component unit. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for Racine Water and Waste Water Utilities, both major enterprise funds of the City, or the Downtown Racine Business Improvement District, a discretely presented component unit, are based solely on the reports of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2024 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 25, 2024

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

As management of the City of Racine, we offer readers of the City of Racine's financial statements this narrative overview and analysis of the financial activities of the City of Racine for the fiscal year ended December 31, 2023.

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 \$292,414,363 (net position).
- The City's total net position increased by \$28,172,080.
- As of the close of the current fiscal year, the City of Racine's governmental funds reported combined ending fund balances of \$101,818,203, an increase of \$4,025,619, in comparison with the prior year. Approximately 22.39% of this amount, \$22,792,450, 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 \$22,792,450 or 25% of total general fund expenditures.
- Total long-term obligations decreased by approximately \$43.7 million for the fiscal year ended December 31, 2023. Long-term obligation activity during the year included the following:
 - \$18.045 million note anticipation notes issued for capital project purposes.
 - \$17.775 million of general obligation refunding bonds issued to current refund the \$18.045 million note anticipation note.
 - \$3.605 million of Tax Incremental District refunding bonds were issued to refund a 2018 note anticipation note.
 - \$8.513 million of revenue obligations were issued for Utility projects.
 - Principal paid on general obligation outstanding debt was \$39.4 million.
 - Principal paid on revenue obligations outstanding was \$4.7 million.
 - WRS Pension liability increased by approximately \$25 million.
 - Total OPEB obligation decreased by approximately \$70 million.
 - Decreases in the Life Insurance liability and vested compensated absences contributed to the remaining reductions.

Overview of the Financial Statements

This discussion and analysis are 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 the City of Racine's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Racine is improving or deteriorating.

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

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Government-wide Financial Statements (cont.)

Both the government-wide financial statements distinguish functions of the City of Racine that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Racine include general government, community development, health, education and recreation, public works, and public safety. The business-type activities of the City of Racine include the Water Utility, Wastewater Utility, Transit System, Storm Water Utility, Parking Utility, Golf Courses, Civic Centre, and Radio Repair.

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

The government-wide financial statements can be found on pages 18-20 of this report.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City of Racine, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Racine can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

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

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Governmental Funds (cont.)

The City of Racine maintains numerous governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, 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 21-25 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 26-33 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 34 and 35 of this report.

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Notes to the Financial Statements

The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 36-107 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 108-142 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, 2023, and 2022 City's assets exceeded liabilities by \$292,414,363 and \$264,242,283, 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 \$440,142,652 and \$424,273,900 at December 31, 2023, and 2022.

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 \$61,828,242 and \$96,282,878 and unrestricted net position was \$(209,556,531) and \$(256,314,495) as of December 31, 2023, and 2022, respectively.

The City's governmental activities had a deficit unrestricted net position of \$(186,058,539) and \$(217,545,702) as of December 31, 2023, and 2022, respectively. The deficit is primarily the result of the City's OPEB obligation.

The City's total healthcare OPEB obligation was \$266,012,778 and \$337,068,554 as of December 31, 2023, and 2022, 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, 2023, and 2022. Amounts are expressed in thousands.

	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
Current and other assets	\$ 249,828	\$ 277,707	\$ 78,788	\$ 77,243	\$ 328,616	\$ 354,950
Capital assets	<u>210,156</u>	<u>206,639</u>	<u>382,454</u>	<u>369,788</u>	<u>592,610</u>	<u>576,427</u>
Total assets	<u>459,984</u>	<u>484,346</u>	<u>461,242</u>	<u>447,031</u>	<u>921,226</u>	<u>931,377</u>
Deferred outflows of resources	<u>123,394</u>	<u>117,965</u>	<u>16,053</u>	<u>16,046</u>	<u>139,447</u>	<u>134,011</u>
Current and other liabilities	41,117	46,921	6,996	6,203	48,113	53,124
Liabilities payable from restricted assets	-	-	7,646	8,305	7,646	8,305
Long-term liabilities	<u>370,581</u>	<u>408,974</u>	<u>145,413</u>	<u>151,579</u>	<u>515,994</u>	<u>560,553</u>
Total liabilities	<u>411,698</u>	<u>455,895</u>	<u>160,055</u>	<u>166,087</u>	<u>571,753</u>	<u>621,982</u>
Deferred inflows of resources	<u>177,269</u>	<u>161,099</u>	<u>19,236</u>	<u>18,065</u>	<u>196,505</u>	<u>179,164</u>
Net position:						
Net Investment in capital assets	125,562	117,366	317,535	310,386	440,143	317,297
Restricted	54,908	85,497	6,922	10,786	61,830	96,283
Unrestricted	<u>(186,059)</u>	<u>(217,546)</u>	<u>(26,453)</u>	<u>(42,247)</u>	<u>(209,557)</u>	<u>(255,129)</u>
Total net position	<u>\$ (5,589)</u>	<u>\$ (14,683)</u>	<u>\$ 298,004</u>	<u>\$ 278,925</u>	<u>\$ 292,416</u>	<u>\$ 264,242</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, 2023, and 2022. Amounts are expressed in thousands.

	2023 Governmental Activities	2022 Governmental Activities	2023 Business- Type Activities	2022 Business-Type Activities	2023 Total	2022 Total
Revenues						
Charges for services	\$ 22,458	\$ 19,963	\$ 49,146	\$ 45,769	\$ 71,604	\$ 65,732
Capital and Operating grants and contributions	22,751	20,005	23,842	37,215	46,593	57,220
Taxes	59,955	61,738	1,357	1,090	61,312	62,828
Unrestricted intergovernmental revenues	33,540	33,504	-	-	33,540	33,504
Investment Income & Other	7,828	(2,928)	1,155	106	8,983	(2,822)
Total revenues	<u>146,532</u>	<u>132,282</u>	<u>75,500</u>	<u>84,180</u>	<u>222,032</u>	<u>216,462</u>
Expenses						
General government	19,996	16,299	-	-	19,996	16,299
Community development	14,115	9,412	-	-	14,115	9,412
Health	4,431	3,046	-	-	4,431	3,046
Education and recreation	17,042	16,198	-	-	17,042	16,198
Public works	28,088	23,373	-	-	28,088	23,373
Public safety	54,899	47,314	-	-	54,899	47,314
Interest and fiscal charges	3,696	4,253	-	-	3,696	4,253
Water	-	-	17,954	15,659	17,954	15,659
Wastewater	-	-	13,886	12,071	13,886	12,071
Storm Water	-	-	6,500	6,786	6,500	6,786
Belle urban system	-	-	12,746	12,958	12,746	12,958
Other	-	-	506	2,528	506	2,528
Total expenses	<u>142,267</u>	<u>119,895</u>	<u>51,592</u>	<u>50,002</u>	<u>193,859</u>	<u>169,897</u>
Increase (decrease) in net position before transfers	4,265	12,387	23,908	34,178	28,173	46,565
Transfers	4,829	2,641	(4,829)	(2,641)	-	-
Increase (decrease) in net position	9,094	15,028	19,079	31,537	28,173	46,565
Net position-beginning of year	(14,683)	(29,711)	278,925	247,388	264,242	217,677
Net position-end of year	<u>\$ (5,589)</u>	<u>\$ (14,683)</u>	<u>\$ 298,004</u>	<u>\$ 278,925</u>	<u>\$ 292,415</u>	<u>\$ 264,242</u>

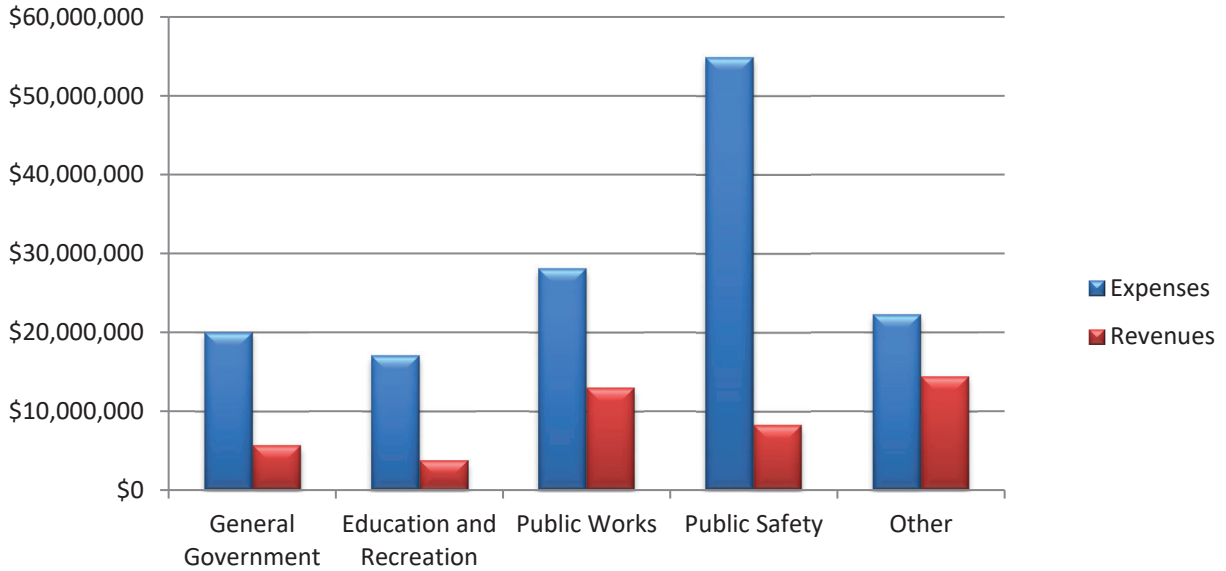
CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Governmental Activities

The net position in the governmental activities increased by approximately \$9.1 million during the fiscal year, primarily relating to increase investment income and intergovernmental revenues.

Expenses and Program Revenues-Governmental Activities:

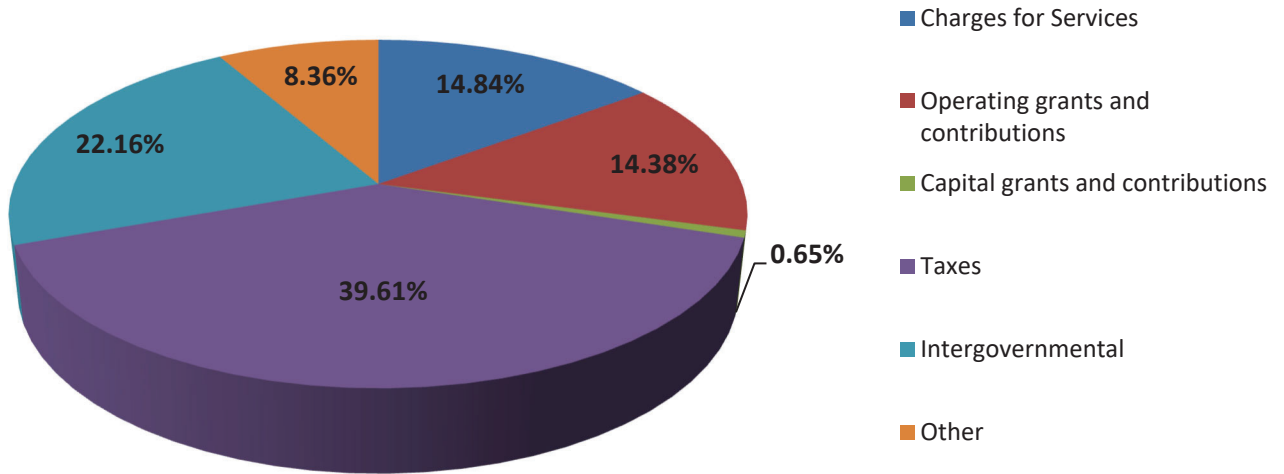


CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Governmental Activities (cont.)

Program and General Revenues by Source – Governmental Activities:



Business-type activities

Business-type activities net position increased by \$19.079 million during the fiscal year 2023. Key elements of this increase are as follows:

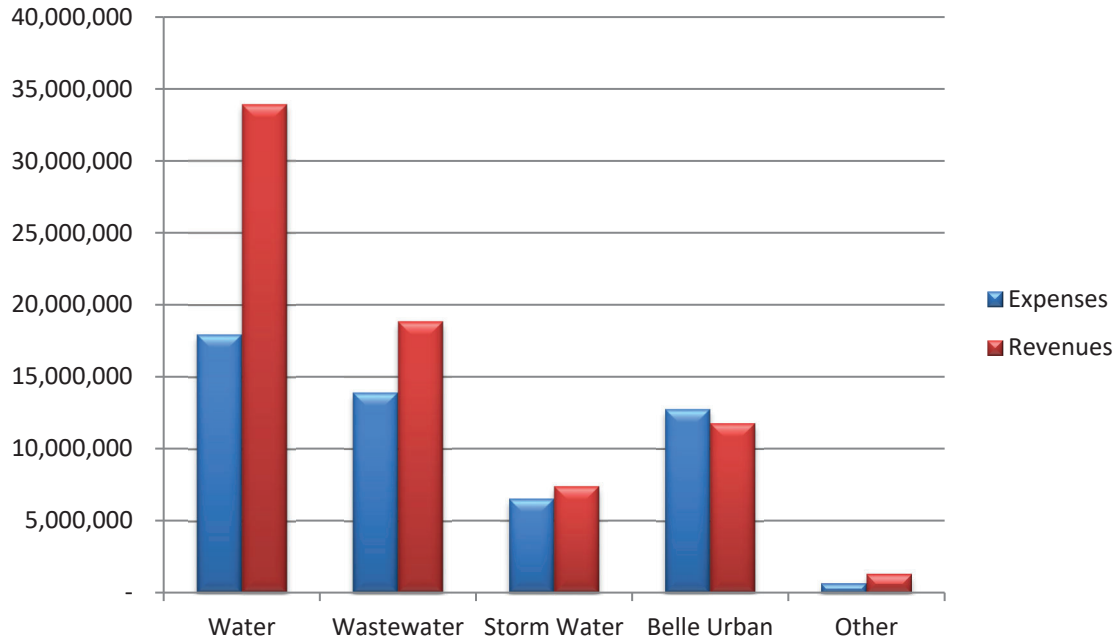
- The Water utility had an increase in net position of \$13.1 million. The increase in net position in the Water utility relates primarily to increases in capital contributions for water infrastructure. It also includes water revenues exceeding projections, and expenses lower than projections.
- The Wastewater utility had an increase in net position of \$4.1 million. The increase in net position in the Wastewater utility relates to an increase in capital contributions for infrastructure. It also includes wastewater revenues exceeding projections, and expenses lower than projections.
- Net position also increased in Storm Water, Transit, and the Other Enterprise funds in 2023.

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Business-type activities (cont.)

Expenses and Program Revenues – Business-type Activities:

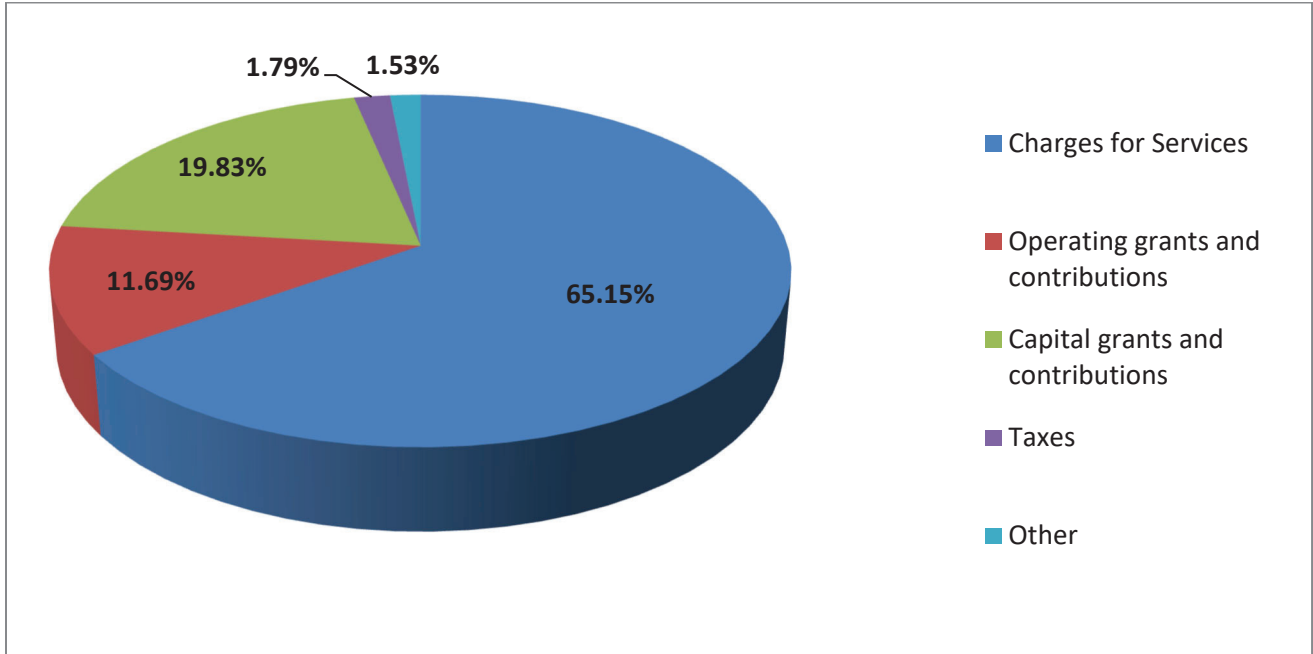


CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Business-type Activities (cont.)

Revenues by Source – Business-type Activities:



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Racine's governmental funds reported combined ending fund balances of \$101,818,203. Approximately 22.39% of this amount, \$22,792,450, 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 \$22,792,450, while total fund balance totaled \$45,126,013. Unassigned fund balance represents 25.00% of total general fund expenditures, while total fund balance represents 51.28% of total general fund expenditures. The Common Council has resolved that any unassigned fund balance in excess of 25% of general fund expenditures be assigned for wage and benefit provision and budget stabilization. Assigned fund balance in the general fund was \$16,663,548 at December 31, 2023, of which \$4,563,083 was assigned for wage and benefit provision and \$12,100,465 was assigned for budget stabilization.

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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

Although the general fund was budgeted to use \$3,860,220 of fund balances during 2023, the general fund increased fund balance by \$845,361. The \$4.7 million positive results in the general fund came primarily from revenues exceeding expectations by over \$6 million. Revenues in building permits, charges for services, and interest income all exceeded expectations.

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 at December 31, 2023, and 2022 of \$617,574 and \$458,735, 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 the open tax incremental districts in the City of Racine. The Tax Incremental District fund has a total fund balance of at December 31, 2023, and 2022 of \$4,154,130 and \$6,938,031, all of which is restricted for development within the districts. The decrease in fund balance in the Tax Incremental District fund is due to development incentives paid to developers for residential and commercial activity.

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 \$51,920,486 and \$46,115,166 in 2023 and 2022, respectively. The fund balances of these funds increased by \$5,805,320. This increase is a result of unspent revenues in bond funds and intergovernmental funds in 2023.

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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

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

Unrestricted net position for the Water utility at the end of 2023 and 2022 amounted to \$3,280,476 and \$(2,095,989), for the Wastewater utility \$(28,487,705) and \$(35,310,293), for the Storm water utility \$(495,942) and \$(1,256,819), for the Belle urban system \$(409,403) and \$(1,218,991), and for the other enterprise funds \$(602,869) and \$(2,365,405). The total change in net position for the Water Utility for 2023 and 2022 was \$13,143,338 and \$29,353,301, the Wastewater Utility \$4,130,979 and \$1,773,689, the Storm water Utility \$506,908 and \$394,401, for the Belle urban system \$313,696 and \$412,215, and for the Other Enterprise funds \$983,824 and \$(396,741) 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, 2023, and 2022 amounted to \$440,142,652 and \$424,273,900 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, 2023, and 2022, capital assets, net of accumulated depreciation totaled \$592,610,632 and \$576,427,346, respectively. Capital assets, net of accumulated depreciation increased approximately \$16 million in 2023 and approximately \$29 million in 2022, largely due to infrastructure additions in the Water Utility, Wastewater Utility and State Highway projects.

Long-term debt – At the end of 2023 and 2022, the City of Racine had total general obligation and revenue bond debt outstanding of \$172,721,817 and \$167,484,925. Of this amount, the debt backed by the full faith and credit of the government is \$100,513,491 and \$99,020,000 in 2023 and 2022, 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 \$5.3 million in 2023.

	<u>Outstanding debt</u>	
	<u>2023</u>	<u>2022</u>
Governmental Activities:		
General obligation bonds and notes	\$ 100,513,491	\$ 99,020,000
Business-Type Activities:		
Revenue bonds	72,208,326	68,464,925
Total	\$ 172,721,817	\$ 167,484,925

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Economic Conditions and 2024 and 2025 Budget Outlook

The effects of the pandemic continue into 2024 with position vacancies in our Police and Public Health Departments, but we are seeing 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 various areas.

Strong fiscal planning allows the City to maintain services and has led 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, 2021, to respond to the COVID-19 public health emergency and its negative economic impacts. The City of Racine's award is \$46,246,465, which will be used to combat the negative effects of the public health emergency in the local economy. 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 or encumbered by December 31, 2024, and will be expended through 2026.

The City of Racine's assessed value is on the rise. The assessed value rose again for the 2023 tax roll to the highest level recorded, \$4.5B, and is expected to increase another 9% for the 2024 tax roll. The City has seen significant private investment in our community over the last three years and is anticipating private investment continuing in the near future, although inflationary pressures continue negatively affect private development. Home values continue to be affordable compared to our neighbors, but home sales and home values are on the rise. The 2023 City tax rate was \$12.85 per thousand, a 6% decrease from the prior year and the lowest rate in over 15 years. The City continues to focus on reducing the tax rate to be more comparable to our surrounding communities. The City will continue our focus on neighborhood revitalization and stabilization in 2024 and 2025, with significant funding allocated for this purpose.

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, however job creation anticipated in 2018-2019 has not materialized.

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 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 2024 budget. The City used slightly over \$6 million of general fund, debt service fund, internal service, and other operational fund balances to fund operations in the 2024 budget, however, the City has over \$16 million of fund balance set aside for future years budget stabilization. Based on current 2024 results, we anticipate using far less than the \$6 million of fund balance assigned to the 2024 budget. 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 2021 budget to mitigate legacy costs in the future and we are beginning to see the positive results from those decisions. Near term budgets will continue to be difficult, but long-term planning and continued fiscal responsibility will assist future years budgeting.

CITY OF RACINE
Racine, Wisconsin

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Requests for information

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

CITY OF RACINE

STATEMENT OF NET POSITION
As of December 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Business Improvement District	Community Development Authority
ASSETS					
Cash and investments	\$ 123,286,274	\$ 36,319,223	\$ 159,605,497	\$ 96,266	\$ 1,823,280
Receivables, net of allowance for uncollectible accounts	104,044,650	8,744,362	112,789,012	267,000	2,384
Internal balances	9,382,695	(9,382,695)	-	-	-
Due from other governments	5,875,987	6,982,264	12,858,251	-	-
Due from component unit	-	-	-	-	-
Inventories	1,416,988	1,182,494	2,599,482	-	-
Prepaid items	187,559	-	187,559	-	-
Advances to component unit	2,286,584	-	2,286,584	-	-
Restricted assets					
Cash and investments	-	19,810,519	19,810,519	-	-
Plant capacity receivable, current portion	-	815,700	815,700	-	-
Plant capacity receivable, long term	-	10,472,088	10,472,088	-	-
Deposit in CVMIC	2,962,500	-	2,962,500	-	-
Assets held for resale	385,000	-	385,000	-	5,485,684
Other assets-lease receivable	-	3,415,293	3,415,293	-	-
Notes receivable	-	427,867	427,867	-	-
Capital assets					
Land	25,256,315	5,301,753	30,558,068	-	-
Construction in progress	30,970,065	20,827,647	51,797,712	-	-
depreciation/amortization	153,929,826	356,325,026	510,254,852	19,026	-
Total Assets	459,984,443	461,241,541	921,225,984	382,292	7,311,348
DEFERRED OUTFLOWS OF RESOURCES					
Deferred amounts relating to pension	87,012,154	9,696,740	96,708,894	-	-
Deferred amounts relating to health OPEB	34,678,781	5,792,135	40,470,916	-	-
Deferred amounts relating to life insurance OPEB	1,182,244	301,367	1,483,611	-	-
Unamortized loss on refunding	521,066	262,856	783,922	-	-
	123,394,245	16,053,098	139,447,343	-	-
LIABILITIES					
Accounts payable	9,837,247	2,756,115	12,593,362	6,314	35,883
Accrued compensation and other current liabilities	5,055,561	616,247	5,671,808	-	2,800
Due to other governments	88,519	3,623,765	3,712,284	-	-
Accrued interest payable	430,471	-	430,471	-	-
Deferred revenue	25,705,941	-	25,705,941	-	-
Liabilities payable from restricted assets					
Accrued interest payable	-	631,090	631,090	-	-
Unearned capacity revenue	-	1,551,057	1,551,057	-	-
Current portion of long term debt	-	5,464,193	5,464,193	-	-
Noncurrent liabilities					
Total health OPEB liability	237,466,851	27,475,847	264,942,698	-	-
Total pension liability	23,054,035	2,686,872	25,740,907	-	-
Net life insurance liability	2,942,649	593,126	3,535,775	-	-
Unearned capacity revenue	-	41,879,557	41,879,557	-	-
Due to other governments	-	-	-	-	-
Due within one year	18,728,000	1,070,080	19,798,080	-	-
Due in more than one year	88,389,018	71,707,052	160,096,070	-	2,286,584
Total Liabilities	411,698,292	160,055,001	571,753,293	6,314	2,325,267
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts relating to pension	48,415,595	5,530,550	53,946,145	-	-
Deferred amounts relating to leases	-	3,172,775	3,172,775	-	-
Deferred amounts relating to health OPEB	54,604,563	8,464,721	63,069,284	-	-
Deferred amounts relating to life insurance OPEB	2,183,547	464,656	2,648,203	-	-
Rate Stabilization Fund	-	-	-	-	-
Unearned revenue	72,066,054	1,603,210	73,669,264	267,000	-
Total Deferred Inflows of Resources	177,269,759	19,235,912	196,505,671	267,000	-
NET POSITION					
Net investment in capital assets	125,561,768	317,798,335	440,405,508	19,026	-
Restricted for					
Debt service	187,103	-	187,103	-	-
Permanent funds	2,141,055	-	2,141,055	-	-
Library	370,181	-	370,181	-	-
HUD Loan Programs	6,772,941	-	6,772,941	-	-
Tax increment districts	19,806,238	-	19,806,238	-	-
Intergovernmental revenue sharing	17,904,303	-	17,904,303	-	-
Federal and State grant programs	2,810,761	-	2,810,761	-	-
Trusts	1,803,289	-	1,803,289	-	-
Special assessment program	1,919,323	-	1,919,323	-	-
Health, public safety, and parks programs	1,192,214	-	1,192,214	-	-
Water	-	2,537,080	2,537,080	-	-
Wastewater	-	4,383,754	4,383,754	-	-
Unrestricted (deficit)	(186,058,539)	(26,715,443)	(209,819,387)	89,952	4,986,081
TOTAL NET POSITION	\$ (5,589,363)	\$ 298,003,726	\$ 292,414,363	\$ 108,978	\$ 4,986,081

See notes to accompanying financial statements.

CITY OF RACINE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2023

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Totals	Business Improvement District	Redevelopment Authority
Primary Government									
Governmental activities									
General government	\$ 19,995,863	\$ 1,432,000	\$ 4,288,169	\$ -	\$ (14,275,694)	\$ -	\$ (14,275,694)	\$ -	\$ -
Community development	14,114,408	2,804,807	6,612,295	40,218	(4,657,088)	-	(4,657,088)	-	-
Health	4,431,181	407,583	4,539,718	-	516,120	-	516,120	-	-
Education and recreation	17,042,263	835,496	2,677,488	297,555	(13,231,724)	-	(13,231,724)	-	-
Public works	28,088,236	10,924,011	1,421,775	640,944	(15,101,506)	-	(15,101,506)	-	-
Public safety	54,898,987	6,054,230	2,232,687	-	(46,612,070)	-	(46,612,070)	-	-
Interest and fiscal charges	3,696,400	-	-	-	(3,696,400)	-	(3,696,400)	-	-
Total Governmental Activities	<u>142,267,338</u>	<u>22,458,127</u>	<u>21,772,132</u>	<u>978,717</u>	<u>(97,058,362)</u>	<u>-</u>	<u>(97,058,362)</u>	<u>-</u>	<u>-</u>
Business-type activities									
Water	17,954,109	24,556,123	-	9,349,926	-	15,951,940	15,951,940	-	-
Wastewater	13,886,456	14,960,310	-	3,852,938	-	4,926,792	4,926,792	-	-
Storm Water	6,499,688	7,351,569	-	-	-	851,881	851,881	-	-
Belle Urban Transit	12,746,436	1,130,856	8,842,210	1,796,800	-	(976,570)	(976,570)	-	-
Other	506,096	1,147,585	-	-	-	641,489	641,489	-	-
Total Business Type Activities	<u>51,592,785</u>	<u>49,146,443</u>	<u>8,842,210</u>	<u>14,999,664</u>	<u>-</u>	<u>21,395,532</u>	<u>21,395,532</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 193,860,123</u>	<u>\$ 71,604,570</u>	<u>\$ 30,614,342</u>	<u>\$ 15,978,381</u>	<u>(97,058,362)</u>	<u>21,395,532</u>	<u>(75,662,830)</u>	<u>-</u>	<u>-</u>

See notes to accompanying financial statements.

CITY OF RACINE

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2023

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-Type Activities	Totals	Business Improvement District	Redevelopment Authority
Component Units									
Business Improvement District	\$ 213,019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (213,019)	\$ -
Redevelopment Authority	<u>979,804</u>	<u>4,098</u>	<u>700,348</u>	<u>169,907</u>	-	-	-	-	<u>(242,598)</u>
	<u>\$ 1,192,823</u>	<u>\$ 4,098</u>	<u>\$ 700,348</u>	<u>\$ 169,907</u>	-	-	-	<u>(213,019)</u>	<u>(242,598)</u>
General Revenues									
Taxes									
Property taxes, levied for general purposes					36,893,750	1,356,710	38,250,460	-	-
Property taxes levied, for debt service					18,600,000	-	18,600,000	-	-
Property taxes, levied for TIF					3,449,740	-	3,449,740	-	-
Other taxes					1,011,925	-	1,011,925	213,136	-
Intergovernmental revenues not restricted to specific programs					33,540,251	-	33,540,251	-	-
Investment income					5,441,359	1,145,886	6,587,245	33	56,114
Other					2,386,048	9,241	2,395,289	4,500	734,731
Transfers					<u>4,828,624</u>	<u>(4,828,624)</u>	-	-	-
Total General Revenues and Transfers					<u>106,151,697</u>	<u>(2,316,787)</u>	<u>103,834,910</u>	<u>217,669</u>	<u>790,845</u>
Change in net position					9,093,335	19,078,745	28,172,080	4,650	548,247
NET POSITION - Beginning of Year					<u>(14,682,698)</u>	<u>278,924,981</u>	<u>264,242,283</u>	<u>104,328</u>	<u>4,437,834</u>
NET POSITION - END OF YEAR					<u>\$ (5,589,363)</u>	<u>\$ 298,003,726</u>	<u>\$ 292,414,363</u>	<u>\$ 108,978</u>	<u>\$ 4,986,081</u>

See notes to accompanying financial statements.

CITY OF RACINE
Governmental Funds

BALANCE SHEET
As of December 31, 2023

	General Fund	Special Revenue Fund ARPA	Debt Service	Capital Project Fund Tax Incremental Districts	Nonmajor Governmental Funds	Totals
ASSETS						
Cash and investments	\$ 32,075,335	\$ 25,804,409	\$ 617,574	\$ 15,858,979	\$ 36,621,127	\$ 110,977,424
Receivables						
Taxes	40,467,997	-	19,475,474	8,663,159	7,741,092	76,347,722
Special assessments and special charges - tax roll	-	-	-	-	435,086	435,086
Special assessments	-	-	-	-	1,732,658	1,732,658
Delinquent personal property taxes	-	-	-	-	-	-
Loans and notes	-	-	-	15,652,108	5,712,121	21,364,229
Accrued interest	-	-	-	-	207,870	207,870
Accounts	<u>2,207,376</u>	<u>-</u>	<u>-</u>	<u>27,083</u>	<u>280,883</u>	<u>2,515,342</u>
Total Receivables - Net	<u>42,675,373</u>	<u>-</u>	<u>19,475,474</u>	<u>24,342,350</u>	<u>16,109,710</u>	<u>102,602,907</u>
Due from other funds	12,847,784	-	-	-	6,706,880	19,554,664
Due from other governments	10,498	-	-	59,840	5,805,649	5,875,987
Inventories	902,343	-	-	-	-	902,343
Prepaid items	187,559	-	-	-	-	187,559
Deposit in CVMIC	2,962,500	-	-	-	-	2,962,500
Assets held for resale	-	-	-	385,000	-	385,000
Advances to component unit	-	-	-	1,805,752	480,832	2,286,584
Advances to other funds	-	-	-	-	<u>13,608,953</u>	<u>13,608,953</u>
TOTAL ASSETS	<u>\$ 91,661,392</u>	<u>\$ 25,804,409</u>	<u>\$ 20,093,048</u>	<u>\$ 42,451,921</u>	<u>\$ 79,333,151</u>	<u>\$ 259,343,921</u>

See notes to accompanying financial statements.

CITY OF RACINE
Governmental Funds

BALANCE SHEET
As of December 31, 2023

	General Fund	Special Revenue Fund ARPA	Debt Service	Capital Project Fund Tax Incremental Districts	Nonmajor Governmental Funds	Totals
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 3,182,517	\$ 98,468	\$ -	\$ 336,230	\$ 5,477,983	\$ 9,095,198
Accrued liabilities	2,190,697	-	-	37,341	154,658	2,382,696
Due to other funds	4,731,725	-	-	-	5,232,632	9,964,357
Due to other governments	1,900	-	-	-	86,619	88,519
Unearned revenues	-	25,705,941	-	-	-	25,705,941
Insurance claims payable	1,517,113	-	-	-	-	1,517,113
Advances from other funds	-	-	-	13,608,953	-	13,608,953
Total Liabilities	11,623,952	25,804,409	-	13,982,524	10,951,892	62,362,777
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	15,652,108	7,444,779	23,096,887
Unearned interest/revenue	-	-	-	-	839,816	839,816
Unearned property tax revenue	34,911,427	-	19,475,474	8,663,159	8,176,178	71,226,238
Total Deferred Inflows of Resources	34,911,427	-	19,475,474	24,315,267	16,460,773	95,162,941
Fund Balances						
Nonspendable	5,670,015	-	-	-	-	5,670,015
Restricted	-	-	617,574	4,154,130	27,469,288	32,240,992
Committed	-	-	-	-	24,413,168	24,413,168
Assigned	16,663,548	-	-	-	38,030	16,701,578
Unassigned	22,792,450	-	-	-	-	22,792,450
Total Fund Balances	45,126,013	-	617,574	4,154,130	51,920,486	101,818,203
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 91,661,392	\$ 25,804,409	\$ 20,093,048	\$ 42,451,921	\$ 79,333,151	

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)	207,319,086
Internal service fund net position.	15,335,203
Pension Liability, Deferred Outflows and Deferred Inflows of Resources	14,999,703
OPEB Health Liability, Deferred Outflows and Deferred Inflows of Resources	(257,392,633)
Life Insurance Liability, Deferred Outflows and Deferred Inflows of Resources	(3,807,094)
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)	23,096,887
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)	(106,958,718)
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ (5,589,363)

See notes to accompanying financial statements.

CITY OF RACINE
Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2023

	General Fund	Special Revenue Fund ARPA	Debt Service Fund	Capital Project Fund Tax Increment Districts	Nonmajor Governmental Funds	Totals
REVENUES						
Taxes	\$ 34,486,988	\$ -	\$ 18,600,000	\$ 3,449,740	\$ 3,418,681	\$ 59,955,409
Special charges and assessments	-	-	-	-	903,534	903,534
Intergovernmental	34,203,465	4,280,725	-	280,875	16,671,934	55,436,999
Licenses and permits	2,723,042	-	-	-	-	2,723,042
Fines and forfeitures	1,183,424	-	-	-	642,413	1,825,837
Public charges for services	7,786,809	-	-	61,142	9,004,285	16,852,236
Miscellaneous	3,896,844	-	-	1,344,823	3,439,844	8,681,511
Total Revenues	<u>84,280,572</u>	<u>4,280,725</u>	<u>18,600,000</u>	<u>5,136,580</u>	<u>34,080,691</u>	<u>146,378,568</u>
EXPENDITURES						
Current						
General government	14,206,537	1,180,635	-	-	25,848	15,413,020
Health	2,892,036	-	-	-	4,430,859	7,322,895
Public safety	50,121,028	-	-	-	1,694,284	51,815,312
Public works	10,634,536	-	-	-	6,288,238	16,922,774
Education and recreation	7,618,385	41,630	-	-	5,500,485	13,160,500
Community Development	2,527,235	1,959,060	-	6,743,348	4,166,129	15,395,772
Capital Outlay	-	1,099,400	-	22,592	21,597,547	22,719,539
Debt Service						
Principal	-	-	37,530,000	401,509	-	37,931,509
Interest and fiscal charges	-	-	3,487,058	754,665	806,926	5,048,649
Total Expenditures	<u>87,999,757</u>	<u>4,280,725</u>	<u>41,017,058</u>	<u>7,922,114</u>	<u>44,510,316</u>	<u>185,729,970</u>
Excess (deficiency) of revenues over expenditures	<u>(3,719,185)</u>	<u>-</u>	<u>(22,417,058)</u>	<u>(2,785,534)</u>	<u>(10,429,625)</u>	<u>(39,351,402)</u>

See notes to accompanying financial statements.

CITY OF RACINE
Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2023

	General Fund	Special Revenue Fund ARPA	Debt Service Fund	Capital Project Fund Tax Increment Districts	Nonmajor Governmental Funds	Totals
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	\$ -	\$ -	\$ -	\$ -	\$ 18,045,000	\$ 18,045,000
Premium on long-term debt issued	-	-	666,217	-	47,639	713,856
Refunding bonds issued	-	-	17,775,000	3,605,000	-	21,380,000
Transfers in	4,730,024	-	4,134,680	531,313	1,829,570	11,225,587
Transfers out	(165,478)	-	-	(4,134,680)	(3,687,264)	(7,987,422)
Total Other Financing Sources (Uses)	<u>4,564,546</u>	<u>-</u>	<u>22,575,897</u>	<u>1,633</u>	<u>16,234,945</u>	<u>43,377,021</u>
Net Change in Fund Balances	845,361	-	158,839	(2,783,901)	5,805,320	4,025,619
FUND BALANCES - Beginning of Year	<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>
FUND BALANCES - END OF YEAR	<u>\$ 45,126,013</u>	<u>\$ -</u>	<u>\$ 617,574</u>	<u>\$ 4,154,130</u>	<u>\$ 51,920,486</u>	<u>\$ 101,818,203</u>

See notes to accompanying 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, 2023

Net change in fund balances - total governmental funds \$ 4,025,619

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	22,719,539
Some items reported as capital outlay are not capitalized	(5,526,074)
Depreciation is reported in the government-wide statements	(13,468,614)

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

Debt issued	(39,425,000)
Principal repaid	37,931,509

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	465,387
Unamortized discounts/premiums (see Note II. B.)	612,246
Pension liability and related deferred outflows/inflows	(5,481,955)
Other postemployment benefits and related deferred outflows/inflows	5,817,380
Writeoff of loans	256,598
Accrued interest on debt	26,146

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.

(2,686,846)

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

153,480

Expenditures in the governmental funds that are not reported as expenses in the statement of activities

3,673,920

Change in net position of governmental activities

\$ 9,093,335

See notes to accompanying 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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
REVENUES				
Taxes	\$ 34,462,025	\$ 34,462,025	\$ 34,486,988	\$ 24,963
Intergovernmental	33,788,261	33,788,261	34,203,465	415,204
Licenses and permits	1,982,405	1,982,405	2,723,042	740,637
Fines and forfeitures	1,022,000	1,022,000	1,183,424	161,424
Charges for services	6,217,334	6,217,334	7,786,809	1,569,475
Other (loss)	575,028	575,028	3,896,844	3,321,816
Total Revenues	78,047,053	78,047,053	84,280,572	6,233,519
EXPENDITURES				
Current				
General government	12,836,650	12,738,836	14,206,537	(1,467,701)
Health	3,087,761	3,092,690	2,892,036	200,654
Public safety	48,082,966	48,247,712	50,121,028	(1,873,316)
Public works	12,105,497	12,262,376	10,634,536	1,627,840
Education and recreation	7,514,821	7,514,821	7,618,385	(103,564)
Community Development	3,151,962	3,158,442	2,527,235	631,207
Total Expenditures	86,779,657	87,014,877	87,999,757	(984,880)
Excess (deficiency) of revenues over expenditures	(8,732,604)	(8,967,824)	(3,719,185)	5,248,639
OTHER FINANCING SOURCES (USES)				
Transfers in	5,232,604	5,232,604	4,730,024	(502,580)
Transfers out	-	(125,000)	(165,478)	(40,478)
Total Other Financing Sources (Uses)	5,232,604	5,107,604	4,564,546	(543,058)
Net Change in Fund Balance	\$ (3,500,000)	\$ (3,860,220)	845,361	\$ 4,705,581
FUND BALANCE - Beginning of Year			44,280,652	
FUND BALANCE - END OF YEAR			\$ 45,126,013	

See notes to accompanying financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF NET POSITION

As of December 31, 2023

	Business-Type Activities- Enterprise Funds					Total	Governmental Activities-
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds		Internal Service Funds
ASSETS							
Current Assets							
Cash and investments	\$ 17,744,388	\$ 14,943,149	\$ 2,841,772	\$ 200	\$ 789,714	\$ 36,319,223	\$ 12,308,850
Receivables							
Accounts	5,152,153	1,795,080	3,635	35,013	155,271	7,141,152	1,441,743
Taxes	-	-	-	1,295,000	308,210	1,603,210	-
Leases-current	213,665	-	-	-	-	213,665	-
Notes receivable-current	-	20,910	-	-	-	20,910	-
Due from other governments	986,891	1,671,467	-	4,323,906	-	6,982,264	-
Due from other funds	3,680,953	2,684,282	1,939,053	-	-	8,304,288	9,959
Inventories	537,148	152,421	-	471,784	21,141	1,182,494	514,645
Prepaid items	-	-	-	-	-	-	-
Total Current Assets	<u>28,315,198</u>	<u>21,267,309</u>	<u>4,784,460</u>	<u>6,125,903</u>	<u>1,274,336</u>	<u>61,767,206</u>	<u>14,275,197</u>
Noncurrent Assets							
Restricted Assets							
Cash and investments	15,353,737	4,456,782	-	-	-	19,810,519	-
Plant capacity, current portion	-	815,700	-	-	-	815,700	-
Plant capacity, long term	-	10,472,088	-	-	-	10,472,088	-
Capital assets							
Land	1,843,341	316,798	-	539,434	2,602,180	5,301,753	32,879
Construction in progress	5,593,555	12,741,508	1,940,147	344,482	207,955	20,827,647	-
Intangible assets	-	-	-	-	-	-	3,502,823
Land and building improvements	281,842,653	130,407,083	71,313,724	8,930,762	30,828,383	523,322,605	1,954,301
Equipment, furniture and vehicles	41,574,662	48,650,630	2,816,691	25,799,412	1,152,453	119,993,848	4,291,006
Less: Accumulated depreciation/amortization	(93,672,780)	(105,385,317)	(45,244,755)	(19,925,265)	(22,763,310)	(286,991,427)	(6,943,889)
Other assets							
Leases receivable-Long Term	3,201,628	-	-	-	-	3,201,628	-
Notes receivable-Long Term	-	406,957	-	-	-	406,957	-
Total Noncurrent Assets	<u>255,736,796</u>	<u>102,882,229</u>	<u>30,825,807</u>	<u>15,688,825</u>	<u>12,027,661</u>	<u>417,161,318</u>	<u>2,837,120</u>
Total Assets	<u>284,051,994</u>	<u>124,149,538</u>	<u>35,610,267</u>	<u>21,814,728</u>	<u>13,301,997</u>	<u>478,928,524</u>	<u>17,112,317</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts relating to pension	4,414,001	3,091,904	1,372,616	599,040	219,179	9,696,740	3,093,530
Deferred amounts relating to OPEB	2,103,777	2,039,602	1,490,990	70,998	86,768	5,792,135	-
Deferred amounts relating to life insurance	140,113	143,550	9,868	204	7,632	301,367	43,748
Unamortized loss on refunding	262,856	-	-	-	-	262,856	-
	<u>6,920,747</u>	<u>5,275,056</u>	<u>2,873,474</u>	<u>670,242</u>	<u>313,579</u>	<u>16,053,098</u>	<u>3,137,278</u>

See notes to accompanying financial statements.

CITY OF RACINE
Proprietary Funds

STATEMENT OF NET POSITION
As of December 31, 2023

	Business-Type Activities- Enterprise Funds					Total	Governmental Activities-
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds		Internal Service Funds
LIABILITIES							
Current Liabilities							
Accounts payable	\$ 667,344	\$ 674,063	\$ 679,949	\$ 578,237	\$ 156,522	\$ 2,756,115	\$ 742,049
Accrued liabilities	244,473	116,656	25,983	137,404	91,731	616,247	1,155,753
Due to other governments	3,623,765	-	-	-	-	3,623,765	-
Compensated absences	52,254	-	7,500	-	-	59,754	-
Other Postemployment benefits	724,177	345,903	-	-	-	1,070,080	-
Due to other funds	6,128,585	7,647,211	-	3,546,621	364,566	17,686,983	217,571
Leases payable-current portion	-	8,140	-	-	-	8,140	-
Liabilities payable from restricted assets							
Accrued interest	558,062	73,028	-	-	-	631,090	-
Unearned capacity revenue, current portion	-	1,551,057	-	-	-	1,551,057	-
Current portion of long term debt	4,185,168	1,211,131	-	-	-	5,396,299	-
Total Current Liabilities	<u>16,183,828</u>	<u>11,627,189</u>	<u>713,432</u>	<u>4,262,262</u>	<u>612,819</u>	<u>33,399,530</u>	<u>2,115,373</u>
Noncurrent Liabilities							
Compensated absences	382,686	207,741	-	60,848	-	651,275	67,704
Total health OPEB liability	12,268,079	9,365,055	3,874,787	1,091,611	876,315	27,475,847	-
Leases payable	-	1,749,949	-	-	-	1,749,949	-
Net pension liability	1,199,209	873,461	403,403	141,072	69,727	2,686,872	807,546
Net life insurance liability	274,057	241,011	51,279	18,043	8,736	593,126	103,128
Revenue bonds and notes payable	48,709,064	20,596,764	-	-	-	69,305,828	-
Unamortized bond premium	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Unearned capacity revenue	-	41,879,557	-	-	-	41,879,557	-
Total Noncurrent Liabilities	<u>62,833,095</u>	<u>74,913,538</u>	<u>4,329,469</u>	<u>1,311,574</u>	<u>954,778</u>	<u>144,342,454</u>	<u>978,378</u>
Total Liabilities	<u>79,016,923</u>	<u>86,540,727</u>	<u>5,042,901</u>	<u>5,573,836</u>	<u>1,567,597</u>	<u>177,741,984</u>	<u>3,093,751</u>
DEFERRED INFLOWS OF RESOURCES							
Unearned property tax revenue	-	-	-	1,295,000	308,210	1,603,210	-
Deferred amounts relating to Leases	3,172,775	-	-	-	-	3,172,775	-
Deferred amounts relating to OPEB	3,730,734	2,166,766	2,347,686	82,911	136,624	8,464,721	-
Deferred amounts relating to life insurance	216,530	195,982	33,651	10,246	8,247	464,656	77,478
Deferred amounts related to pension	2,550,313	1,836,938	729,638	243,555	170,106	5,530,550	1,743,163
Total Deferred Inflows of Resources	<u>9,670,352</u>	<u>4,199,686</u>	<u>3,110,975</u>	<u>1,631,712</u>	<u>623,187</u>	<u>19,235,912</u>	<u>1,820,641</u>
NET POSITION							
Net investment in capital assets	196,467,910	62,788,132	30,825,807	15,688,825	12,027,661	317,798,335	2,837,120
Restricted	2,537,080	4,383,754	-	-	-	6,920,834	-
Unrestricted (deficit)	3,280,476	(28,487,705)	(495,942)	(409,403)	(602,869)	(26,715,443)	12,498,083
TOTAL NET POSITION	<u>\$ 202,285,466</u>	<u>\$ 38,684,181</u>	<u>\$ 30,329,865</u>	<u>\$ 15,279,422</u>	<u>\$ 11,424,792</u>	<u>\$ 298,003,726</u>	<u>\$ 15,335,203</u>

See notes to accompanying financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended December 31, 2023

	Business-Type Activities- Enterprise Funds					Totals	Governmental Activities-
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds		Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 24,556,123	\$ 14,532,443	\$ 7,330,680	\$ 1,015,928	\$ 1,144,434	\$ 48,579,608	\$ 28,222,940
Other	-	427,867	20,889	114,928	3,151	566,835	435,980
Total Operating Revenues	<u>24,556,123</u>	<u>14,960,310</u>	<u>7,351,569</u>	<u>1,130,856</u>	<u>1,147,585</u>	<u>49,146,443</u>	<u>28,658,920</u>
OPERATING EXPENSES							
Public Works	9,554,693	9,525,376	4,956,991	10,421,580	(812,915)	33,645,725	8,111,735
Public Safety	-	-	-	-	-	-	-
Education and recreation	-	-	-	-	465,901	465,901	-
General administration	-	-	-	-	-	-	23,750,270
Depreciation	<u>6,908,993</u>	<u>3,895,745</u>	<u>1,542,697</u>	<u>2,324,856</u>	<u>853,110</u>	<u>15,525,401</u>	<u>1,074,220</u>
Total Operating Expenses	<u>16,463,686</u>	<u>13,421,121</u>	<u>6,499,688</u>	<u>12,746,436</u>	<u>506,096</u>	<u>49,637,027</u>	<u>32,936,225</u>
Operating income (loss)	<u>8,092,437</u>	<u>1,539,189</u>	<u>851,881</u>	<u>(11,615,580)</u>	<u>641,489</u>	<u>(490,584)</u>	<u>(4,277,305)</u>
NONOPERATING REVENUES (EXPENSES)							
Investment income	547,196	409,538	155,027	-	34,125	1,145,886	-
Interest expense	(1,784,379)	(341,391)	-	-	-	(2,125,770)	-
Intergovernmental interest reimbursement	-	236,826	-	-	-	236,826	-
Plant capacity income	-	1,551,057	-	-	-	1,551,057	-
Gain (loss) on sale of fixed assets	-	59,495	-	-	-	59,495	-
Amortization of premiums/discount and refunding loss	293,956	-	-	-	-	293,956	-
Subsidies from other governmental units	-	-	-	8,842,210	-	8,842,210	-
Tax levy	-	-	-	1,048,500	308,210	1,356,710	-
Household hazardous waste revenue	-	171,265	-	-	-	171,265	-
Household hazardous waste expense	-	(183,439)	-	-	-	(183,439)	-
Other	-	9,241	-	-	-	9,241	-
Total Nonoperating Revenues (Expenses)	<u>(943,227)</u>	<u>1,912,592</u>	<u>155,027</u>	<u>9,890,710</u>	<u>342,335</u>	<u>11,357,437</u>	<u>-</u>
Income (loss) before capital contributions and transfers	7,149,210	3,451,781	1,006,908	(1,724,870)	983,824	10,866,853	(4,277,305)

See notes to accompanying financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended December 31, 2023

	Business-Type Activities- Enterprise Funds					Governmental Activities-	
	Water Utility	Wastewater Utility	Storm Water Utility	Belle Urban Transit	Other Enterprise Funds	Totals	Internal Service Funds
CAPITAL CONTRIBUTIONS	\$ 9,349,926	\$ 1,893,790	\$ -	\$ 1,796,800	\$ -	\$ 13,040,516	\$ -
TRANSFERS IN	-	241,555	-	241,766	-	483,321	1,590,459
TRANSFERS (OUT)	<u>(3,355,798)</u>	<u>(1,456,147)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(5,311,945)</u>	<u>-</u>
Change in Net Position	13,143,338	4,130,979	506,908	313,696	983,824	19,078,745	(2,686,846)
TOTAL NET POSITION, Beginning of Year	<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>
NET POSITION - END OF YEAR	<u>\$ 202,285,466</u>	<u>\$ 38,684,181</u>	<u>\$ 30,329,865</u>	<u>\$ 15,279,422</u>	<u>\$ 11,424,792</u>	<u>\$ 298,003,726</u>	<u>\$ 15,335,203</u>

See notes to accompanying financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	Business-Type Activities- Enterprise Funds					Totals	Governmental Activities- Internal Service Fund
	Water Utility	Wastewater Utility	Stormwater Utility	Belle Urban Transit	Other Enterprise		
CASH FLOW FROM OPERATING ACTIVITIES							
Received from customers and users	\$ 25,863,721	\$ 15,107,937	\$ 7,781,692	\$ 1,360,690	\$ 1,128,828	\$ 51,242,868	\$ 27,730,493
Paid to suppliers for goods and services	(6,768,894)	(5,100,174)	(2,681,186)	(11,614,153)	437,886	(25,726,521)	(25,910,144)
Paid to employees for services	(5,578,439)	(4,200,074)	(2,533,418)	(6,488,312)	(2,201,850)	(21,002,093)	(5,431,468)
Net Cash Flows From Operating Activities	<u>13,516,388</u>	<u>5,807,689</u>	<u>2,567,088</u>	<u>(16,741,775)</u>	<u>(635,136)</u>	<u>4,514,254</u>	<u>(3,611,119)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES							
Transfer to other funds	(3,355,798)	(1,214,592)	-	-	-	(4,570,390)	-
Advances retired	-	-	-	-	-	-	-
Principal retired	-	-	-	-	-	-	-
Interest paid on long-term debt	-	(804)	-	-	-	(804)	-
Interest paid on advances	-	-	-	-	-	-	-
Funds received from intergovernmental agreement	558,993	(436,099)	-	1,280,750	-	1,403,644	-
Payments on intergovernmental agreement	-	-	-	-	-	-	-
Miscellaneous receipts	-	(2,933)	-	-	-	(2,933)	-
Operating grants received	-	-	-	11,137,473	-	11,137,473	-
Operating subsidies received - tax levy	-	-	-	1,048,500	308,210	1,356,710	-
Net Cash Flows from Noncapital Financing Activities	<u>(2,796,805)</u>	<u>(1,654,428)</u>	<u>-</u>	<u>13,466,723</u>	<u>308,210</u>	<u>9,323,700</u>	<u>-</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Debt issued	-	8,513,809	-	-	-	8,513,809	-
Premium on debt issued	-	-	-	-	-	-	-
Debt retired	(3,776,007)	(994,400)	-	-	-	(4,770,407)	-
Lease payments received	196,055	-	-	-	-	196,055	-
Interest paid on long-term debt	(1,828,154)	(262,676)	-	-	-	(2,090,830)	-
Principal and Interest paid on leases	-	(56,717)	-	-	-	(56,717)	-
Transfer to/from other funds for capital purposes	-	-	(500,000)	241,766	-	(258,234)	1,590,459
Acquisition and construction of capital assets	(5,033,159)	(8,559,277)	(1,862,053)	(2,038,566)	(207,955)	(17,701,010)	(866,181)
REC and other fees received	347,872	-	-	-	-	347,872	-
Intergovernmental interest reimbursement	-	236,826	-	-	-	236,826	-
Proceeds for plant capacity charges	-	749,773	-	-	-	749,773	-
Capital subsidies received	-	-	-	5,071,852	-	5,071,852	-
Proceeds from sale of capital assets	23,535	216,994	-	-	-	240,529	-
Net Cash Flows From Capital and Related Financing Activities	<u>(10,069,858)</u>	<u>(155,668)</u>	<u>(2,362,053)</u>	<u>3,275,052</u>	<u>(207,955)</u>	<u>(9,520,482)</u>	<u>724,278</u>

See notes to accompanying financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	Business-Type Activities- Enterprise Funds					Totals	Governmental Activities- Internal Service Fund
	Water Utility	Wastewater Utility	Stormwater Utility	Belle Urban Transit	Other Enterprise		
CASH FLOW FROM INVESTING ACTIVITIES							
Investment income	\$ 547,196	\$ 409,538	\$ 155,027	\$ -	\$ 34,125	\$ 1,145,886	\$ -
Net Cash Flows From Investing Activities	<u>547,196</u>	<u>409,538</u>	<u>155,027</u>	<u>-</u>	<u>34,125</u>	<u>1,145,886</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	1,196,921	4,407,131	360,062	-	(500,756)	5,463,358	(2,886,841)
CASH AND CASH EQUIVALENTS - Beginning of Year	<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>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 33,098,125</u>	<u>\$ 19,399,931</u>	<u>\$ 2,841,772</u>	<u>\$ 200</u>	<u>\$ 789,714</u>	<u>\$ 56,129,742</u>	<u>\$ 12,308,850</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES							
Operating income (loss)	\$ 8,092,437	\$ 1,539,189	\$ 851,881	\$ (11,615,580)	\$ 641,489	\$ (490,584)	\$ (4,277,305)
Adjustments to reconcile operating income (loss) to Net Cash Flows from operating activities							
Other postemployment benefits	(3,667,531)	(2,396,331)	(501,591)	17,264	(2,083,463)	(8,631,652)	236,418
Depreciation	7,053,063	3,895,745	1,542,697	2,324,856	853,110	15,669,471	1,074,220
Changes in assets, deferred outflows, liabilities, and deferred inflows							
Accounts receivable	90,529	(143,687)	(1,931)	229,836	(18,756)	155,991	(937,635)
Notes receivable	-	(427,867)	-	-	-	(427,867)	-
Prepaid items	-	-	-	-	-	-	-
Inventories	35,822	197	-	(91,230)	-	(55,211)	44,361
Due from other funds	103,117	729,828	432,054	-	-	1,264,999	9,209
Pension benefits	3,004,457	2,226,630	-	-	-	5,231,087	-
Accounts payable	(159,172)	123,277	297,857	(64,538)	(24,851)	172,573	(42,203)
Accrued liabilities	5,149	(4,245)	(2,483)	(5,650)	(2,665)	(9,894)	362,771
Deferred Outflow/Inflows	(256,830)	(620)	-	-	-	(257,450)	-
Deferred revenues	-	-	-	-	-	-	-
Due to other governments	608,640	-	-	-	-	608,640	-
Due to other funds	(1,393,293)	265,573	(51,396)	(7,536,733)	-	(8,715,849)	(80,955)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 13,516,388</u>	<u>\$ 5,807,689</u>	<u>\$ 2,567,088</u>	<u>\$ (16,741,775)</u>	<u>\$ (635,136)</u>	<u>\$ 4,514,254</u>	<u>\$ (3,611,119)</u>

See notes to accompanying financial statements.

CITY OF RACINE

Proprietary Funds

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

	Business-Type Activities- Enterprise Funds					Governmental Activities-	
	Water Utility	Wastewater Utility	Stormwater Utility	Belle Urban Transit	Other Enterprise	Totals	Internal Service Fund
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET							
Cash and investments							
Unrestricted	\$ 17,744,388	\$ 14,943,149	\$ 2,841,772	\$ 200	\$ 789,714	\$ 36,319,223	\$ 12,308,850
Restricted	15,353,737	4,456,782	-	-	-	19,810,519	-
Total Cash and Investments	<u>\$ 33,098,125</u>	<u>\$ 19,399,931</u>	<u>\$ 2,841,772</u>	<u>\$ 200</u>	<u>\$ 789,714</u>	<u>\$ 56,129,742</u>	<u>\$ 12,308,850</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES							
Cost of Capital assets installed							
or financed by developers, customers or the City	\$ 9,002,054	\$ 1,893,790	\$ -	\$ -	\$ -	\$ 10,895,844	\$ -
Capital assets in accounts payable and due to other funds	\$ 340,740	\$ 376,586	\$ -	\$ -	\$ -	\$ 717,326	\$ -

See notes to accompanying financial statements.

CITY OF RACINE
Fiduciary Fund

STATEMENT OF FIDUCIARY NET POSITION
For the year ended December 31, 2023

	<u>Custodial Fund</u>
	<u>Tax</u>
	<u>Collecting</u>
ASSETS	
Cash and investments	\$ 28,724,907
Receivables	
Property taxes	<u>25,371,577</u>
TOTAL ASSETS	<u>54,096,484</u>
LIABILITIES	
Due to others	\$ -
Due to component unit	378,575
Due to other governments	<u>53,717,909</u>
TOTAL LIABILITIES	<u>54,096,484</u>
NET POSITION	<u><u>\$ -</u></u>

See notes to accompanying financial statements.

CITY OF RACINE

Fiduciary Fund

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the year ended December 31, 2023

	<u>Custodial Fund</u>
	<u>Tax</u>
	<u>Collecting</u>
ADDITIONS	
Tax collections	\$ 50,698,830
Total Additions	<u>50,698,830</u>
DEDUCTIONS	
Payments to overlying districts	<u>50,698,830</u>
Total Deductions	<u>50,698,830</u>
Change in Net Position	-
NET POSITION - Beginning of Year	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ -</u>

See notes to accompanying financial statements.

CITY OF RACINE

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CITY OF RACINE

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CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

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

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

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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, 2023. 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 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, 2023. The Authority does not issue separate financial statements.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

B. GOVERNMENT-WIDE FUND 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, 2023

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.
- Stormwater 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, 2023

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	Equipment Lease

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023, 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, 2023

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 – 2023 tax roll:

Lien date and levy date	November 2023
Tax bills mailed	December 2023
Payment in full, or	
First installment due	January 31, 2024
Second installment due	March 31, 2024
Third installment due	May 31, 2024
Fourth installment due	July 31, 2024
Personal property taxes in full	January 31, 2024
Final settlement with County	August 15, 2024
Tax deed by County – 2023	
Delinquent real estate taxes	October 2026

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, 2023

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

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

3. Inventories and Prepaid Items

Governmental fund inventories, if material, are recorded at cost based on the weighted average method using the consumption method of accounting. Inventory quantities at December 31, 2023, 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, and overhead. 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 are 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, 2023

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, 2023

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 assets 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, 2023, 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, 2023

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 consist 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) is 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 \$31,854,880 made up of four issues.

11. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets 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, 2023

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 \$2,954,595 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, 2023

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 \$22,792,450 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.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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.)

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset);
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions; and
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from the WRS' fiduciary net position have been determined on the same basis as they are reported by the 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.

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 following:

- Net OPEB Liability;
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits; and
- OPEB Expense (Revenue).

Information about the fiduciary 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.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

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

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

Unearned revenue-loans	\$ 21,364,229
Unearned revenue-special assessments	<u>1,732,658</u>
Combined Adjustment for Long-Term Assets	<u>\$ 23,096,887</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	\$ 106,502,492
Compensated absences, not including internal service fund	546,821
Unamortized loss on refunding	(521,066)
Accrued interest	<u>430,471</u>
Combined Adjustment for Long-Term Liabilities	<u>\$ 106,958,718</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

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

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

Land	\$ 25,256,315
Construction in progress	30,970,065
Other capital assets net of accumulated depreciation/amortization	153,929,826
Less: Internal Service Funds capital assets	<u>(2,837,120)</u>
Combined Adjustment for	
Capital Assets	<u>\$ 207,319,086</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	\$ (713,856)
Amortization of loss on refunding and premium (net)	<u>1,326,102</u>
Unamortized debt premiums/unamortized loss on refunding	<u>\$ 612,246</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 (includes write offs)	\$ (537,834)
Special assessments collections	<u>691,314</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 153,480</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 \$3,673,921 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, 2023

NOTE III – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

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

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

Special Revenue Funds:
HUD Grants
State Grants
Other Agency Grants
Federal Grants
Loans
Special Assessments
Restricted
Trusts
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 \$14,152,997. 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 \$12,719,105.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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, 2023:

<u>Fund</u>	<u>Department</u>	<u>Appropriation Unit</u>	<u>Amount</u>
General Fund	Non Departmental	Salaries and Fringes	\$ 1,711,096
	Non Departmental	Operating	64,610
	Fire	Salaries and Fringes	1,005,580
	Police	Salaries and Fringes	1,242,381
	Parks	Salaries and Fringes	46,204
	Parks	Operating	50,161
	Parks	Interdepartmental	7,200
	Attorney's Office	Salaries and Fringes	4,601
	Attorney's Office	Operating	150,447
	Finance	Operating	16,112
Debt Service Fund		Debt Service	21,336,409
Special Revenue Funds:			
Library		Operating	45,089
Recycling		Interdepartmental	34,786
Recycling		Operating	195,302
Private Property		Operating	193,237
Private Property		Interdepartmental	576

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 \$419,552. 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, 2023

NOTE IV – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Demand deposits	\$ 80,142,887	\$ 80,733,071	Custodial credit
Savings deposits	204,038	204,038	Custodial credit
Certificates of deposit	41,720,989	41,720,989	Custodial credit
Petty cash	<u>8,900</u>	<u>-</u>	NA
Total deposits	<u>\$ 122,076,814</u>	<u>\$ 122,658,098</u>	
Wisconsin Local Government			
Investment Pool	58,320,833		Credit
Mutual funds-equities	2,084,496		Credit
Mutual funds-fixed income	906,369		Credit, Interest Rate
U.S. Government agency securities-Explicit	744,489		Credit, Custodial Credit, Interest Rate, Concentration of Credit
U.S. Government agency securities-Implicit	<u>25,927,468</u>		Credit, Custodial Credit, Interest Rate, Concentration of Credit
Total investments	<u>87,983,655</u>		
Total Deposits and Investments	<u>\$ 210,060,469</u>		
Reconciliation to financial statements			
Per statement of net position			
Cash and Investments-Primary government	\$ 159,605,497		
Cash and investments-Component units	1,919,546		
Restricted cash and investments	19,810,519		
Per statement of fiduciary net position			
Custodial fund	<u>28,724,907</u>		
	<u>\$ 210,060,469</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, 2023

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

Custodial Credit Risk for Deposits

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

As of December 31, 2023, the City's carrying value of deposits was \$121,980,548, as compared to bank balances of \$122,561,832. Of the bank balances \$91,734,909 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. \$30,826,923 was uninsured as of December 31, 2023.

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, 2023, the City's carrying value of U.S. Government Agency Securities subject to custodial credit risk was \$26,671,957. 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, 2023, were rated Aaa by Moody's Investor's Services and AA+ by Standard & Poor's. As of December 31, 2023, the balance in these types of investments was \$26,671,957. 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, 2023

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

A. DEPOSITS AND INVESTMENTS (cont.)

Concentration of Credit Risk for Investments

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

At December 31, 2023, 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	5.24%
Federal Home Loan Bank Corporation	U.S. government agency notes and mortgage backed securities	33.66%
Federal Home Loan Mortgage Corporation	U.S. government agency notes and mortgage backed securities	28.23%
Federal Farm Credit Bank Corporation	U.S. government agency notes and mortgage backed securities	30.07%

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, 2023, were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Duration in Years</u>
U.S. Government Agency-implicitly guaranteed	\$ 22,757,415	2.34
U.S. Government Agency-implicitly guaranteed	3,170,053	0.94
U.S. Government Agency-explicitly guaranteed	744,489	1.51
Mutual Funds-fixed income	906,369	4.94

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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	\$ -	\$ 2,084,496	\$ -	\$ 2,084,496
Mutual Fund Fixed Income	-	906,369	-	906,369
U.S. Government Agencies	<u>744,489</u>	<u>25,927,468</u>	<u>-</u>	<u>26,671,957</u>
Total	<u>\$ 744,489</u>	<u>\$ 28,918,333</u>	<u>\$ -</u>	<u>\$ 29,662,822</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>Total</u>
	<u>Receivable</u>	<u>Runs</u>	
General Fund	\$ 540,477	\$ 731,620	\$ 1,272,097
Tax Increment Districts	27,083		27,083
Parking	458	-	458
Transit	3,090	-	3,090
Storm Water Utility	6,058	-	6,058
Internal Service	10,357	-	10,357
Other Non-Major Funds	<u>18,255</u>	<u>-</u>	<u>18,255</u>
	<u>\$ 605,778</u>	<u>\$ 731,620</u>	<u>\$ 1,337,398</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

B. RECEIVABLES (cont.)

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

	Tax Incremental <u>Districts</u>	Other <u>Non Major</u>	<u>Total</u>
Special Assessments	\$ -	\$ 1,732,658	\$ 1,732,658
Loans and notes	<u>15,652,108</u>	<u>5,712,121</u>	<u>21,364,229</u>
	<u>\$ 15,652,108</u>	<u>\$ 7,444,779</u>	<u>\$ 23,096,887</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	\$ -	\$ 71,226,238	\$ 71,226,238
Loans receivable	21,360,525	-	21,360,525
Special assessments not yet due	1,732,658	-	1,732,658
Interest on loans and advances	-	168,794	168,794
ARPA	-	25,705,941	25,705,941
Grant receivables	<u>3,704</u>	<u>671,022</u>	<u>674,726</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 23,096,887</u>	<u>\$ 97,771,995</u>	<u>\$ 120,868,882</u>
Unearned Revenue shown as a liability		\$ 25,705,941	
Unearned Revenue shown as a deferred inflow		<u>72,066,054</u>	
		<u>\$ 97,771,995</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, 2023

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.

Following is a list of restricted assets for the Water and Wastewater Utility at December 31, 2023:

	Water Utility	Wastewater Utility	Total
Bond redemption account	\$ 2,295,142	\$ 1,021,150	\$ 3,316,292
Bond reserve account	4,683,504	-	4,683,504
Bond depreciation account	800,000	-	800,000
Equipment replacement account	-	3,435,632	3,435,632
Capital improvement fund	7,575,091	-	7,575,091
Plant capacity receivable	-	11,287,788	11,287,788
Total Restricted Assets	15,353,737	15,744,570	31,098,307
Reconciliation to restricted net position			
Plant capacity receivable reported as unearned revenue	-	(11,287,788)	(11,287,788)
Accrued interest payable	(558,062)	(73,028)	(631,090)
Unspent bond proceeds	(7,575,091)	-	(7,575,091)
Bond reserve fund financed by bond proceeds	(4,683,504)	-	(4,683,504)
Restricted Net Position	\$ 2,537,080	\$ 4,383,754	\$ 6,920,834

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

D. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance	Additions	Deletions	Balance
Governmental Activities				
Capital assets not being depreciated/amortized				
Land	\$ 25,256,315	\$ -	\$ -	\$ 25,256,315
Construction in progress	26,342,244	13,182,700	8,554,879	30,970,065
Total Capital Assets Not Being Depreciated/Amortized	51,598,559	13,182,700	8,554,879	56,226,380
Capital assets being depreciated/amortized				
Intangible assets	3,059,861	491,151	48,189	3,502,823
Land improvements	15,768,259	1,299,525	-	17,067,784
Buildings	53,196,058	761,152	-	53,957,210
Machinery and equipment	51,749,083	4,102,230	1,418,061	54,433,252
Roads, streets, and bridges	191,899,346	4,430,714	251,495	196,078,565
Sidewalks	56,560,022	916,493	105,918	57,370,597
Sewer lines	50,055,848	228,826	14,901	50,269,773
Shoreline walls and other	24,425,189	1,201,729	-	25,626,918
Total Capital Assets Being Depreciated/Amortized	446,713,666	13,431,820	1,838,564	458,306,922
Less: accumulated depreciation/amortization for				
Intangible assets	1,796,722	572,735	48,189	2,321,268
Land improvements	11,814,294	742,060	-	12,556,354
Buildings	35,647,378	1,931,856	-	37,579,234
Machinery and equipment	38,912,534	3,640,403	1,418,061	41,134,876
Roads, streets, and bridges	113,969,569	5,277,301	251,495	118,995,375
Sidewalks	50,028,497	744,713	105,918	50,667,292
Sewer lines	24,731,472	931,683	14,901	25,648,254
Shoreline walls and other	14,772,362	702,081	-	15,474,443
Total Accumulated Depreciation/Amortization	291,672,828	14,542,832	1,838,564	304,377,096
Total Capital Assets being Depreciated/Amortized, Net	155,040,838	(1,111,012)	-	153,929,826
Governmental Activities Capital Assets, Net	\$ 206,639,397	\$ 12,071,688	\$ 8,554,879	\$ 210,156,206

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

D. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

General government	\$ 1,617,416
Education and recreation	2,200,801
Public works, which includes infrastructure	9,156,764
Public safety	<u>1,567,851</u>
 Total Governmental Activities Depreciation/Amortization Expense	 <u>\$ 14,542,832</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

D. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 5,301,753	\$ -	\$ -	\$ 5,301,753
Construction in progress	12,509,200	14,200,603	5,882,156	20,827,647
Total Capital Assets Not Being Depreciated	17,810,953	14,200,603	5,882,156	26,129,400
Capital assets being depreciated				
Land improvements	9,973,000	-	-	9,973,000
Improvements other than buildings	331,888,940	14,528,229	384,385	346,032,784
Buildings	164,504,447	1,261,922	219,119	165,547,250
Leased land and improvements	1,769,570	-	-	1,769,570
Machinery and equipment	118,446,371	4,419,444	2,871,967	119,993,848
Total Capital Assets Being Depreciated	626,582,328	20,209,595	3,475,471	643,316,452
Less: accumulated depreciation for				
Land improvements	8,157,983	305,139	-	8,463,122
Improvements other than buildings	94,723,629	5,069,397	384,385	99,408,641
Buildings	88,296,207	4,267,274	600,208	91,963,273
Leased land and improvements	110,598	55,299	-	165,897
Machinery and equipment	83,316,915	5,983,421	2,309,843	86,990,493
Total Accumulated Depreciation	274,605,332	15,680,530	3,294,436	286,991,426
Total Capital Assets Depreciated, Net	351,976,996	4,529,065	181,035	356,325,026
Business-Type Activities Capital Assets, Net	\$ 369,787,949	\$ 18,729,668	\$ 6,063,191	\$ 382,454,426

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

D. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Business-Type Activities

Water	\$ 6,908,993
Wastewater	3,895,745
Stormwater	1,542,597
Belle Urban Transit	2,324,858
Other	<u>853,110</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 15,525,303</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, 2023

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

E. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

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

Receivable Fund	Payable Fund	Total
General Fund	Enterprise Fund-Transit	\$ 3,546,621
General Fund	Enterprise Fund-Civic Center	364,566
General Fund	Internal Service Fund-Telephone	84,670
General Fund	Internal Service Fund-Information Systems	126,553
General Fund	Wastewater Utility	189,188
General Fund	Water Utility	3,303,554
General Fund	Special Revenue-HUD Grants	447,792
General Fund	Special Revenue-State Grants	879,870
General Fund	Special Revenue-Restricted	93,330
General Fund	Special Revenue-Federal Grants	3,071,228
General Fund	Special Revenue-Trusts	3,271
General Fund	Permanent Funds	13,322
General Fund	Capital Projects-City Projects	723,819
Wastewater Utility	Internal Service Fund-Building Complex	6,348
Wastewater Utility	Water Utility	878,213
Wastewater Utility	General Fund	1,799,721
Water Utility	Wastewater Utility	748,949
Water Utility	General Fund	2,932,004
Capital Projects-City Projects	Wastewater Utility	6,706,880
Enterprise-Storm	Water Utility	1,939,053
Internal Service-Equipment Maintenance	Water Utility	5,782
Internal Service-Equipment Maintenance	Wastewater Utility	1,384
Internal Service-Telephone	Water Utility	1,983
Internal Service-Telephone	Wastewater Utility	810
		<u>\$ 27,868,911</u>
	Less: Fund Eliminations	(9,010,070)
	Less: Government Wide Eliminations	(9,476,146)
		<u><u>\$ 9,382,695</u></u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

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

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 \$1,617,613 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.

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	\$ 13,839	\$ -
Intergovernmental Revenue Sharing	Tax Increment District #30	45,686	-
Intergovernmental Revenue Sharing	Tax Increment District #29	19,199	-
Intergovernmental Revenue Sharing	Tax Increment District #28	3,527	-
Intergovernmental Revenue Sharing	Tax Increment District #27	3,527	-
Intergovernmental Revenue Sharing	Tax Increment District #26	1,034,777	-
Intergovernmental Revenue Sharing	Tax Increment District #24	1,166,664	-
Intergovernmental Revenue Sharing	Tax Increment District #20	3,204,698	-
Intergovernmental Revenue Sharing	Tax Increment District #18	8,040,201	-
Intergovernmental Revenue Sharing	Tax Increment District #16	76,835	-
Subtotal-Fund financial statements		\$ 13,608,953	\$ -
Less: fund eliminations		(13,608,953)	
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, 2023

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	\$ 3,114,243
General Fund	Enterprise - Wastewater	1,456,147
General Fund	Special Revenue-Loans	130,354
General Fund	Special Revenue-HUD Grants	29,280
Debt Service Fund	Capital Projects-TID	4,134,680
Capital Projects-TIF	Enterprise-Storm Water	500,000
Capital Projects-TIF	Capital Projects-Intergovernmental	31,313
Capital Projects-City Projects	Special Revenue-Special Assessment	973,211
Capital Projects-Equipment Lease	Capital Projects-Equipment Replacement	153,778
Enterprise-Transit	Capital Projects - General Obligation	241,766
Enterprise - Wastewater	Enterprise - Water	241,555
Internal Service-Information Systems	Capital Projects - General Obligation	868,121
Internal Service-Information Systems	Capital Projects - Equipment Replacement	722,338
Special Revenue-Private Property	Special Revenue-HUD Grants	479,266
Special Revenue-Restricted	Special Revenue-Health Lab	29,197
Special Revenue-Trusts	Permanent Funds	28,640
Special Revenue-Library	General Fund	125,000
Special Revenue-State Grants	General Fund	40,478
Subtotal-fund financial statements		13,299,367
Less: Fund eliminations		(7,987,211)
Add: Government wide eliminations		(483,532)
		<u>\$ 4,828,624</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, 2023

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

F. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2023, was as follows:

GOVERNMENTAL ACTIVITIES

	Beginning			Ending	Amounts
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Due Within</u>
					<u>One Year</u>
General Obligation					
Bonds and notes payable	\$ 99,020,000	\$ 39,425,000	\$ 37,931,509	\$ 100,513,491	\$ 17,065,656
Premiums	<u>6,766,505</u>	<u>713,856</u>	<u>1,491,360</u>	<u>5,989,001</u>	<u>1,487,344</u>
Sub-total	<u>105,786,505</u>	<u>40,138,856</u>	<u>39,422,869</u>	<u>106,502,492</u>	<u>18,553,000</u>
Other Liabilities					
Vested compensated absences	1,080,290	49,084	514,848	614,526	175,000
Total health OPEB liability	297,628,115	10,493,597	70,654,861	237,466,851	-
Total pension liability	-	23,054,035	-	23,054,035	-
Net life insurance OPEB liability	<u>4,479,522</u>	<u>-</u>	<u>1,536,873</u>	<u>2,942,649</u>	<u>-</u>
Total Other Liabilities	<u>303,187,927</u>	<u>33,596,716</u>	<u>72,706,582</u>	<u>264,078,061</u>	<u>175,000</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 408,974,432</u>	<u>\$ 73,735,572</u>	<u>\$ 112,129,451</u>	<u>\$ 370,580,553</u>	<u>\$ 18,728,000</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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	\$ 68,464,925	\$ 8,513,809	\$ 4,770,408	\$ 72,208,326	\$ 5,128,603
Premiums	2,833,937	-	340,136	2,493,801	267,696
Sub-total	71,298,862	8,513,809	5,110,544	74,702,127	5,396,299
Other Liabilities					
Vested compensated absences	778,517	81,346	148,834	711,029	59,754
Total health OPEB liability	39,440,439	1,519,471	12,413,983	28,545,927	1,070,080
Total pension liability	-	2,686,872	-	2,686,872	-
Net life insurance OPEB liability	989,964	-	396,838	593,126	-
Lease liability	1,764,304	-	6,215	1,758,089	8,140
Total Other Liabilities	42,973,224	4,287,689	12,965,870	34,295,043	1,137,974
Total Business Type Activities					
Long-Term Liabilities	\$ 114,272,086	\$ 12,801,498	\$ 18,076,414	\$ 108,997,170	\$ 6,534,273

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, 2023, was \$250,815,255. Total general obligation debt outstanding at year end was \$100,513,491.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

<u>Type/Series</u>	<u>Date of Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Indebtedness</u>	<u>Outstanding 12/31/2023</u>
General Obligation Bonds					
2014	12/09/2014	12/9/2028	2.00-4.00	\$ 15,395,000	\$ 3,880,000
2015	12/07/2015	12/7/2029	2.00-3.00	11,130,000	4,870,000
2016	12/07/2016	12/7/2030	2.00-4.00	11,915,000	5,815,000
2017	12/05/2017	12/5/2031	3.00-5.00	19,145,000	7,995,000
2018	12/11/2018	12/11/2032	4.00-5.00%	9,720,000	6,215,000
2019	12/20/2019	12/20/2033	3.00-5.00	13,390,000	8,280,000
2020	10/06/2020	12/1/2027	.40-1.05	10,525,000	7,160,000
2020	12/18/2020	12/1/2034	2.00-4.00	13,755,000	6,440,000
2021	12/17/2021	12/1/2035	2.00-5.00	14,550,000	8,305,000
2022	12/16/2022	12/1/2036	4.00-5.00	14,655,000	9,205,000
2023	11/28/2023	12/1/2037	5.00	17,775,000	<u>17,775,000</u>
					<u>85,940,000</u>
Taxable Incremental General Obligation Debt					
2014 (Tif #10)	12/09/2014	12/9/2028	2.00-4.00	2,280,000	635,000
2015 (Tif #11)	09/08/2015	12/1/2025	1.00-3.10	1,410,000	335,000
2013 (Tif #18)	11/28/2023	12/1/2041	5.40-5.90	3,605,000	<u>3,605,000</u>
					<u>4,575,000</u>
Board of Commissioners of Public Lands					
2021	12/07/2021	3/15/2031	3.0	4,000,000	3,634,413
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>864,078</u>
					<u>9,998,491</u>
Total Governmental Activities-General Obligation Debt					<u>\$ 100,513,491</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

F. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Governmental Activities General Obligation Debt		
	Principal	Interest	Total
2024	\$ 17,065,656	\$ 3,790,842	\$ 20,856,497
2025	10,551,784	3,196,522	13,748,306
2026	9,400,148	2,816,657	12,216,806
2027	8,794,317	2,470,646	11,264,963
2028	8,208,565	2,118,660	10,327,226
2029-2033	31,056,113	6,359,253	37,415,366
2034-2038	12,743,875	2,029,198	14,773,072
2039-2041	2,693,033	266,382	2,959,415
Totals	\$ 100,513,491	\$ 23,048,160	\$ 123,561,650

Debt Refunding

On November 28, 2023, the City issued \$17,775,000 in general obligation refunding bonds, with interest ranging from 5.00%. The bonds, along with cash on hand, were used to current refund note anticipation notes dated September 26, 2023.

On November 28, 2023, the City issued \$3,605,000 in taxable general obligation refunding bonds, with interest ranging from 5.40-5.90%. The bonds, along with cash on hand, were used to current refund taxable note anticipation notes dated December 11, 2018.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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, 2023 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 12/31/2023</u>
Water Utility					
Safe Drinking Water Loan	12/22/2004	5/1/2024	2.37%	\$ 16,666,035	\$ 1,081,702
Safe Drinking Water Loan	5/27/2015	5/1/2035	1.65	1,230,346	1,193,729
Mortgage Revenue Refunding Bonds	9/8/2015	9/1/2026	2.00-4.00	6,590,000	2,135,000
Mortgage Revenue Bonds	12/28/2017	9/1/2031	3.00-5.00	6,135,000	4,770,000
Mortgage Revenue Bonds	2/19/2019	9/1/2039	3.00-5.00	20,000,000	19,925,000
Mortgage Revenue Bonds	2/11/2021	9/1/2041	1.00-5.00	19,890,000	19,840,000
Mortgage Revenue Bonds	6/3/2021	9/1/2024	5.00	4,115,000	1,455,000
Total Water Utility					50,400,431
Wastewater Utility					
Clean Water Fund Loans	1/23/2008	5/1/2027	2.480	3,481,931	842,135
Clean Water Fund Loans	3/24/2010	5/1/2029	2.200	2,524,712	932,414
Clean Water Fund Loans	5/23/2018	5/1/2038	1.870	521,526	408,665
Clean Water Fund Loans	6/27/2018	5/1/2038	1.870	13,088,291	10,286,297
Clean Water Fund Loans	11/10/2021	5/1/2041	1.485	761,990	824,574
Clean Water Fund Loans	9/27/2023	5/1/2043	2.145	4,846,788	4,846,788
Clean Water Fund Loans	10/11/2023	5/1/2043	2.190	2,139,739	2,139,739
Clean Water Fund Loans	10/11/2023	5/1/2043	2.190	1,527,283	1,527,283
Total Wastewater Utility					21,807,895
Total Business-Type Revenue Debt					\$ 72,208,326

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

F. LONG-TERM OBLIGATIONS (cont.)

Revenue Debt (cont.)

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-Type Activities Revenue Debt		
	Principal	Interest	Total
2024	\$ 5,128,603	\$ 2,108,569	\$ 7,237,172
2025	4,655,889	1,944,289	6,600,178
2026	4,826,122	1,780,744	6,606,866
2027	4,221,978	1,607,069	5,829,047
2028	4,194,751	1,444,269	5,639,020
2029-2033	20,225,798	5,312,996	25,538,794
2034-2038	20,515,841	2,623,548	23,139,389
2039-2043	8,439,344	369,540	8,808,884
	\$ 72,208,326	\$ 17,191,024	\$ 89,399,350

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 \$63,696,524. Principal and interest paid for the current year and total customer net revenues were \$5,604,162 and \$15,200,754, respectively.

The Wastewater Utility has pledged future customer revenues, net of specified operating expenses, to repay \$28.9 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 2043. 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 \$25,603,826. Principal and interest paid for the current year and total revenues were \$1,258,056 and \$7,593,283, 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, 2023

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.

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, 2023, the Water Utility recognized \$275,089 and \$101,544 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>
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	156,630	76,947	233,577
2029-2033	668,769	327,036	995,805
2034-2038	817,462	217,744	1,035,206
2039-2043	946,030	88,335	1,034,365
2044-2046	152,507	3,866	156,373
	<u>\$ 3,415,293</u>	<u>\$ 1,068,235</u>	<u>\$ 4,483,528</u>

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.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

G. LEASE DISCLOSURES (cont.)

Future minimum payments under the lease are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	16,975	48,575	65,550
2029-2033	125,428	233,026	358,454
2034-2038	207,045	208,501	415,546
2039-2043	311,268	170,464	481,732
2044-2048	443,193	115,266	558,459
2049-2053	608,961	38,444	647,405
	<u>\$ 1,758,089</u>	<u>\$ 1,012,713</u>	<u>\$ 2,770,802</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

H. NET POSITION/FUND BALANCES

Net position reported on the government wide statement of net position at December 31, 2023, includes the following:

Governmental Activities

Net Investment in capital assets	
Capital assets, net of accumulated depreciation/amortization	\$ 210,156,206
Less: related long-term debt outstanding, premiums plus unamortized loss on refunding	(97,558,896)
Plus: funds borrowed but not spent	<u>12,964,458</u>
Total Net Investment in Capital Assets	<u>125,561,768</u>
Restricted for	
Debt service	187,103
Permanent Funds	
Non Expendable	964,701
Expendable	1,176,354
Library	370,181
Loan programs	6,772,941
Tax incremental districtes	19,806,238
Intergovernmental revenue sharing	17,904,303
Federal and State grant programs	2,810,761
Trusts	1,803,289
Health and other	1,192,214
Special assessment program	<u>1,919,323</u>
Total Restricted	<u>54,907,408</u>
Unrestricted (deficit)	<u>(186,058,539)</u>
Total Governmental Activities Net Position (Deficit)	<u>\$ (5,589,363)</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

H. NET POSITION/FUND BALANCES (cont.)

Business-Type Activities

Net investment in capital assets	
Capital assets, net of accumulated depreciation	\$ 382,454,426
Less: related long-term debt outstanding	<u>(64,656,091)</u>
Total Net Investment in Capital Assets	<u>317,798,335</u>
Restricted for	
Debt Service	2,685,202
Depreciation Fund	800,000
DNR equipment replacement fund	<u>3,435,632</u>
Total Restricted	<u>6,920,834</u>
Unrestricted (deficit)	<u>(26,715,443)</u>
Total Business-Type Activities Net Position	<u>\$ 298,003,726</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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, 2023, include the following:

	Capital Projects Fund		Nonmajor Governmental		Total
	General Fund	Tax Incremental Districts	Debt Service	Funds	Governmental Funds
Fund Balances:					
Nonspendable					
Non current receivables	\$ 1,617,613	\$ -	\$ -	\$ -	\$ 1,617,613
Inventories	902,343	-	-	-	902,343
Prepaid Items	187,559	-	-	-	187,559
Deposit in CVMIC	2,962,500	-	-	-	2,962,500
	5,670,015	-	-	-	5,670,015
Restricted for:					
Loan program	-	-	-	2,917,777	2,917,777
Debt service	-	-	617,574	-	617,574
HUD grant programs	-	-	-	345,714	345,714
State grant programs	-	-	-	980	980
Federal grant programs	-	-	-	607,110	607,110
Special assessment program	-	-	-	186,665	186,665
Public safety	-	-	-	616,171	616,171
Health services	-	-	-	105,191	105,191
Cemetery donations	-	-	-	355,504	355,504
Park and recreation programs	-	-	-	115,348	115,348
Trusts	-	-	-	1,803,289	1,803,289
Library services	-	-	-	370,181	370,181
Tax incremental districts	-	4,154,130	-	-	4,154,130
Revenue sharing	-	-	-	17,904,303	17,904,303
Endowments	-	-	-	2,141,055	2,141,055
	-	4,154,130	617,574	27,469,288	32,240,992

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

H. NET POSITION/FUND BALANCES (cont.)

Governmental Funds (cont.)

	Capital Projects				Nonmajor Governmental Funds	Total Governmental Funds
	Fund			Debt Service		
	General Fund	Tax Incremental Districts	-			
Committed to:						
Harbor Commission	\$ -	\$ -	\$ -	\$ -	\$ 311,791	\$ 311,791
Fire Prevention	-	-	-	-	14,508	14,508
Racine Safe Neighborhood	-	-	-	-	9,303	9,303
Sister Cities	-	-	-	-	102,203	102,203
Boat Launch	-	-	-	-	378	378
Comm Center Concessions	-	-	-	-	4,385	4,385
Landmark Preservation	-	-	-	-	17,364	17,364
Open Space Park Land	-	-	-	-	11,929	11,929
Recycling	-	-	-	-	754,265	754,265
Municipal Court	-	-	-	-	13,778	13,778
Cemetery	-	-	-	-	353,040	353,040
City Projects	-	-	-	-	6,354,229	6,354,229
Private Property Maintenance	-	-	-	-	784,157	784,157
Sanitary Sewer Maintenance	-	-	-	-	1,431,301	1,431,301
Health Lab	-	-	-	-	221	221
Room Tax	-	-	-	-	749,978	749,978
Equipment Replacement	-	-	-	-	1,615,487	1,615,487
Equipment Lease	-	-	-	-	470,889	470,889
Capital projects	-	-	-	-	11,413,962	11,413,962
	-	-	-	-	24,413,168	24,413,168
Assigned to:						
Budget Stabilization	12,100,465	-	-	-	-	12,100,465
Wage Provision	4,563,083	-	-	-	-	4,563,083
Economic Development	-	-	-	-	38,030	38,030
	16,663,548	-	-	-	38,030	16,701,578
Unassigned (deficit)	22,792,450	-	-	-	-	22,792,450
Total Fund Balances	<u>\$ 45,126,013</u>	<u>\$ 4,154,130</u>	<u>\$ 617,574</u>	<u>\$ 51,920,486</u>	<u>\$ 101,818,203</u>	<u>\$ 101,818,203</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

I. COMPONENT UNITS

This report contains the Downtown Racine Business Improvement District #1 (BID) and the Racine 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, 2023, the Community Authority has advances from the City in the amount of \$2,286,584. 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, 2023, the Authority had assets held for resale of \$5,485,684.

d. Cash and Investments

At December 31, 2023, the carrying value and bank balance of the Community Authority's deposits are \$1,823,280. 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, 2023

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

I. COMPONENT UNITS (cont.)

DOWNTOWN RACINE BUSINESS IMPROVEMENT DISTRICT #1 (BID)

a. Basis of Accounting/Measurement Focus

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

b. Transactions with the Primary Government

At December 31, 2023, the BID has a receivable of \$267,000 from the City's tax collection fund for the entire subsequent year's annual assessment.

c. Cash and Investments

At December 31, 2023, the carrying value of the BID's deposits is \$96,266. 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, 2023, the District had capital assets with a cost of \$37,618 and accumulated depreciation of \$18,592. The District's net book value of capital assets was \$19,026. There were no current year additions.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE V – OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

General Information About the Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, 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. EFT 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 are 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, 2023

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
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
2022	7.4	15.0

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, 2023

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

During the reporting period, the WRS recognized \$5,608,656 in contributions from the City.

Contribution rates for the plan year reported as of December 31, 2023 are:

Employee Category	Employee	Employer
General	6.50%	6.50%
Executives & Elected Officials	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

Pension Liability, Pension Expense (Revenue), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2023, the City reported a liability of \$25,740,907 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. 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, 2022, the City's proportion was .48588801%, which was an increase (decrease) of (.00451908%) from its proportion measured as of December 31, 2021.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

For the year ended December 31, 2023, the City recognized pension (revenue) expense of \$12,046,682.

At December 31, 2023, 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	\$ 40,997,290	\$ 53,861,233
Changes of actuarial assumptions	5,061,727	-
Net differences between projected and actual earnings on pension plan investments	43,727,856	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	128,995	84,912
Employer contributions subsequent to the measurement date	6,793,026	-
Total	\$ 96,708,894	\$ 53,946,145

\$6,793,026 reported as deferred outflows of resources 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, 2024. 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 December 31:	Deferred Outflow (inflow) of Resources (net)
2024	\$ 1,522,153
2025	7,445,848
2026	7,622,214
2027	19,379,508

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE V – OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability	December 31, 2022
Experience Study:	January 1, 2018-December 31, 2020 Published November 19, 2021
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, 2023

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. The Total Pension liability for December 31, 2022, is based upon a roll-forward of the liability calculated from the December 31, 2021, actuarial valuation.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments were 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
Public Equities	48%	7.6%	5.0%
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund	115	7.4	4.8

Variable Fund Asset	Asset Allocation %	Long-Term Expected Rate of Return %	Long-Term Real Rate of Return
US Equities	70%	7.2%	4.6%
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

New England Pension Consultants' Long-Term U.S. 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, 2023

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 for the current and prior year. This discount rate was based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05%. (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, 2022. 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 (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
The City's proportionate share of the net pension liability (asset)	<u>\$85,433,232</u>	<u>\$25,740,907</u>	<u>\$(15,322,293)</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, 2023

NOTE V – OTHER INFORMATION (cont.)

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 \$970,862, \$966,403, and \$932,245, for the years ended December 31, 2023, 2022, and 2021 respectively. The following table shows the rate charged per week for each contract year:

Contract Period	Rate per week
July 1, 2023 – June 30, 2024	\$297
July 1, 2022 – June 30, 2023	286
July 1, 2021 – June 30, 2022	275
July 1, 2020 – June 30, 2021	264

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, 2023

NOTE V – OTHER INFORMATION (cont.)

B. RACINE TRANSIT SYSTEM PENSION PLAN (cont.)

FUNDED PERCENTAGE

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

In accordance with Treasury Department guidance, the funded percentage and asset values in the chart above do not reflect the special financial assistance ("SFA") paid to the Plan by the PBGC under the American Rescue Plan Act ("ARPA"). If the SFA paid to the Plan on January 12, 2023 were to be reflected in the above chart, the funded percentage as of January 1, 2023, is 98.5% and the value of assets is \$41,702,152,466.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Valuation Date	January 1, 2023	January 1, 2022	January 1, 2021
Funded Percentage	14.0%	19.5%	17.1%
Value of Assets	\$5,937,242,356	\$8,012,070,196	\$9,791,415,221
Value of Liabilities	\$42,334,779,122	\$55,358,547,619	\$57,182,929,661

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>2023</u>	<u>2022</u>	<u>2021</u>
FMV of Plan Assets	\$ 41,776,279,289	\$ 5,715,700,020	\$ 8,158,227,818

On January 12, 2023, the Central States pension fund received \$35.76 billion in Special Financial Assistance (SFA) funds under the American Recue Act Plan Act of 2022 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, 2023

NOTE V – OTHER INFORMATION (cont.)

C. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City is self-insured for medical coverage and workers compensation at December 31, 2023. 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	\$ 860,833	\$ 1,040,201
Current year claims and changes in estimates	10,700,099	9,828,782
Claim payments	<u>(10,283,188)</u>	<u>(10,008,150)</u>
Unpaid Claims – End of Year	<u>\$ 1,277,744</u>	<u>\$ 860,833</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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, 2023, was 5.497% 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, 2023. A total liability of \$1,517,113 at December 31, 2023, was recorded as claims payable in the governmental activity's 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
2023	\$ 1,516,127	1,503,781	1,502,795	\$ 1,517,113
2022	1,414,943	1,186,726	1,085,542	1,516,127

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE V – OTHER INFORMATION (cont.)

C. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

Transit Mutual Insurance Corporation of Wisconsin (TMI)

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

In 2023, TMI issued a Motor Vehicle Insurance Policy to its members with the following available coverages:

Liability	\$250,000 per person, \$7,000,000 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 \$2,500,000 per occurrence (accident) of the liability limits and cedes \$4,500,000 to Great American Reinsurance Corporation. TMI retains \$750,000 per occurrence (accident) of the physical damage limits and cedes the balance up to \$13,250,000 to Great American Reinsurance Corporation.

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, 2023

NOTE V – OTHER INFORMATION (cont.)

D. COMMITMENTS AND CONTINGENCIES

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

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

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

The City borrowed for the purpose of making various capital improvements. These monies as well as other revenue sources are reflected in the capital projects funds. Work that has been completed but not yet paid for (including contract retainages) is reflected as accounts payable and expenditures. The balance of contract amounts plus open purchase orders is \$17,796,878.

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 2023, the City contributed \$9,862,314 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 2023, total retiree member contributions were \$818,539.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Plan Description and Benefits Provided

The City's total OPEB liability of \$266,012,778 was measured as of December 31, 2023.

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, 2022, Actuarial Valuation reports.

Interest Discount Rate-3.72% for 2023
Mortality-Based on the Wisconsin 2022 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, 2023.

Changes in the Total Health OPEB liability

	Governmental Activities	Business Type Activities	Total
Balance at December 31, 2022	\$ 297,628,115	\$ 39,440,439	\$ 337,068,554
Changes for the year:			
Service Cost	4,429,663	630,144	5,059,807
Interest	6,063,933	882,847	6,946,780
Differences between expected and actual experience	(62,289,417)	(10,910,632)	(73,200,049)
Changes in assumption or other input	-	-	-
Benefit payments	(8,365,443)	(1,496,871)	(9,862,314)
Net changes	(60,161,264)	(10,894,512)	(71,055,776)
Balance at December 31, 2023	\$ 237,466,851	\$ 28,545,927	\$ 266,012,778

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a different discount rate that is 1-percentage-point lower (2.72%) or 1-percentage-point higher (4.72%) than the current discount rate:

	<u>1% Decrease to Discount Rate (2.72%)</u>	<u>Current Discount Rate (3.72%)</u>	<u>1% Increase to Discount Rate (4.72%)</u>
Total OPEB Liability	<u>\$ 306,806,172</u>	<u>\$ 266,012,778</u>	<u>\$ 233,072,859</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>\$ 230,084,371</u>	<u>\$ 266,012,778</u>	<u>\$ 310,630,592</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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, 2023, the City recognized OPEB-Health expense (benefit) of \$(6,385,051).

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
<u>Governmental Activities</u>		
Differences between actual and expected experience	\$ 10,331,571	\$ 741,300
Changes in assumptions or inputs	15,981,767	53,863,263
Employer contributions subsequent to the measurement date	<u>8,365,443</u>	<u>-</u>
	<u>34,678,781</u>	<u>54,604,563</u>
 <u>Business Type Activities</u>		
Differences between actual and expected experience	1,735,106	604,264
Changes in assumptions or inputs	2,545,211	7,860,457
Employer contributions subsequent to the measurement date	<u>1,511,818</u>	<u>-</u>
	<u>5,792,135</u>	<u>8,464,721</u>
 Total	 <u>\$ 40,470,916</u>	 <u>\$ 63,069,284</u>

The \$9,877,261 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, 2024. 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>
2024	(\$6,766,038)
2025	(4,435,445)
2026	(10,100,743)
2027	(10,511,261)
2028	(574,376)
Thereafter	(87,766)

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

LOCAL RETIREE LIFE INSURANCE FUND (LRLIF)

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

ETF 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, 2023

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

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

<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 \$18,944 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, 2023, the City reported a liability of \$3,535,775 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022, rolled forward to December 31, 2022. 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, 2022, the City's proportion was .92806700%, which was an increase of .00266200% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2023, the City recognized OPEB-Life expense of \$351,717.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 346,034
Changes in assumptions	1,270,326	2,087,077
Net differences between projected and actual earnings on plan investments	66,346	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	127,995	215,092
Employer contributions subsequent to the measurement date	18,944	-
Total	<u><u>\$ 1,483,611</u></u>	<u><u>\$ 2,648,203</u></u>

\$18,944 reported as deferred outflows of resources 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, 2024. 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>
2024	(\$73,879)
2025	(104,668)
2026	(61,125)
2027	(243,514)
2028	(382,687)
Thereafter	(317,663)

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

Actuarial assumptions. The total OPEB liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability (Asset)	December 31, 2022
Experience Study:	January 1, 2018-December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.10% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

*Based on the Bond Buyers GO index

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. The Total OPEB liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 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, 2023

NOTE V – OTHER INFORMATION (cont.)

E. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Geometric Real Rate of Return</u>
US Intermediate Credit Bonds	Bloomberg US Interm Credit	50.00%	2.45%
US Mortgages	Bloomberg US MBS	50.00%	2.83%
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 4.25%. 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 remains unchanged from the prior year at 2.30%.

Single discount rate. A single discount rate of 3.76% was used to measure the total OPEB liability for the current year as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021, to 3.72% as of December 31, 2022. 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. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and the contributions made by plan members retiring prior to age 65.

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 3.76%, 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 (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
Proportionate share of the net OPEB liability	<u>\$4,820,655</u>	<u>\$3,535,775</u>	<u>\$2,551,064</u>

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE V – OTHER INFORMATION (cont.)

F. ECONOMIC DEPENDENCY

One major customer accounted for 16.7% of Water Utility gross sales aggregating \$4,093,625 in 2023.

Two major customers accounted for 20.53% and 17.05% of Wastewater Utility gross sales aggregating \$5,461,158 in 2023.

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 for the year ended December 31, 2023.

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

The agreement also requires the Wastewater Utility to make payments from its reserve accounts to the City of Racine, Wisconsin, with respect to the Racine Public Library, Racine Zoo, and the Charles A. Wustum Museum of Fine Arts which were determined to be regional cultural services and facilities which benefit the outlying parties. These payments in the amount of \$1,162,297 for 2023 are reported as transfers to other funds in the statement of revenues, expenses and changes in net position.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE V – OTHER INFORMATION (cont.)

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.

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 \$347,872 of REC fee revenue in 2023. As of December 31, 2023 the Water Utility did not have restricted net position related to REC fee deposits.

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, 2023, 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, 2023, 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, 2023, the Water Utility held \$3,623,765 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, 2023, the Wastewater Utility had excess collections of \$6,063,415 which was reported as due to the City of Racine.

CITY OF RACINE

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE V – OTHER INFORMATION (cont.)

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.

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 \$746,909.

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

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

- > Statement No. 100, *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*
- > Statement No. 101, *Compensated Absences*
- > Statement No. 102, *Certain Risk Disclosures*

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, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Governmental Activities</u>						
Service Cost	\$ 4,429,663	\$ 5,417,604	\$ 4,524,265	\$ 4,561,773	\$ 5,774,719	\$ 5,190,182
Interest on total OPEB Liability	6,063,933	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	(62,289,417)	29,226,377	22,060,930	(25,520,780)	(26,677,205)	14,443,077
Benefit Payments	<u>(8,365,443)</u>	<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>(60,161,264)</u>	<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>297,628,115</u>	<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>\$ 237,466,851</u>	<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	\$ 51,823,944	\$ 48,109,708	\$ 45,055,269	\$ 45,398,488	\$ 43,503,529	\$ 41,932,280
Total OPEB Liability as a Percentage of Covered Payroll	458.22%	618.64%	589.86%	536.59%	622.25%	696.22%
<u>Business Type Activities</u>						
Service Cost	\$ 630,144	\$ 868,824	\$ 694,099	\$ 698,995	\$ 1,013,250	\$ 785,602
Interest on total OPEB Liability	882,847	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	(10,910,632)	2,027,319	3,531,196	(4,116,413)	(4,428,078)	2,051,148
Benefit Payments	<u>(1,496,871)</u>	<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>(10,894,512)</u>	<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>39,440,439</u>	<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>\$ 28,545,927</u>	<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	\$ 8,801,278	\$ 8,301,490	\$ 8,947,955	\$ 8,265,132	\$ 8,787,027	\$ 7,951,687
Total OPEB Liability as a Percentage of Covered Payroll	324.34%	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, 2023

	<u>2023</u>	<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)	0.92806700%	0.92540500%	1.00238700%	0.98002870%	0.95373400%	0.92586300%
Employer's proportionate share of the net OPEB liability (asset)	\$ 3,535,775	\$ 5,469,486	\$ 5,513,852	\$ 4,174,253	\$ 2,460,957	\$ 2,785,534
Employer's covered-employee payroll	\$ 52,664,000	\$ 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	6.71%	10.46%	10.79%	8.22%	5.08%	7.15%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	38.81%	29.57%	31.36%	37.58%	48.69%	44.81%
Schedule of Employer Contributions (Fiscal Year Basis)						
Contractually required contributions	\$ 18,944	\$ 18,617	\$ 18,408	\$ 19,863	\$ 19,387	\$ 18,335
Contributions in relation to the contractually required contributions	\$ (18,944)	\$ (18,617)	\$ (18,408)	\$ (19,863)	\$ (19,387)	\$ (18,335)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered-employee payroll	\$ 60,625,222	\$ 56,411,198	\$ 54,003,224	\$ 57,250,278	\$ 54,654,395	\$ 52,350,961
Contributions as a percentage of covered-employee payroll	0.03%	0.03%	0.03%	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, 2023

	<u>2023</u>	<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)	0.48588801%	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)	\$ 25,740,907	\$ (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	\$ 56,411,197	\$ 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	45.63%	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)	95.72%	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	\$ 6,793,026	\$ 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	\$ (6,793,026)	\$ (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	\$ 60,625,222	\$ 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	11.20%	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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION As of and for the Year Ended December 31, 2023

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, 2023

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 3.72%.
- 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, 2023

	Special Revenue Funds				
	HUD Grants	State Grants	Other Agency Grants	Federal Grants	Loans
ASSETS					
Cash and investments	\$ 370,309	\$ 211,451	\$ 244,769	\$ 603,221	\$ 3,102,487
Receivables					
Property taxes	-	-	-	-	-
Special assessment - tax roll	-	-	-	-	-
Special assessment	-	-	-	-	-
Accrued interest	-	-	-	28,009	-
Accounts	-	4,553	-	1,500	177,453
Loans and notes (net)	3,704	-	-	1,856,957	3,851,460
Due from other funds	-	-	-	-	-
Due from other governments	775,674	1,071,709	-	3,416,762	-
Advances to component unit	-	-	-	-	-
Advances to other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,149,687</u>	<u>\$ 1,287,713</u>	<u>\$ 244,769</u>	<u>\$ 5,906,449</u>	<u>\$ 7,131,400</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 349,151	\$ 169,688	\$ -	\$ 182,076	\$ 105,464
Accrued liabilities	-	-	-	-	-
Due to other funds	447,792	879,870	-	3,071,228	-
Due to other governments	3,326	-	-	-	87,905
Total Liabilities	<u>800,269</u>	<u>1,049,558</u>	<u>-</u>	<u>3,253,304</u>	<u>193,369</u>
Deferred Inflows of Resources					
Unavailable revenues	3,704	-	-	1,856,957	3,851,460
Unearned revenues	-	237,175	244,769	189,078	168,794
Unearned property tax revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>3,704</u>	<u>237,175</u>	<u>244,769</u>	<u>2,046,035</u>	<u>4,020,254</u>
Fund Balances					
Restricted	345,714	980	-	607,110	2,917,777
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total Fund Balances	<u>345,714</u>	<u>980</u>	<u>-</u>	<u>607,110</u>	<u>2,917,777</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	<u>\$ 1,149,687</u>	<u>\$ 1,287,713</u>	<u>\$ 244,769</u>	<u>\$ 5,906,449</u>	<u>\$ 7,131,400</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING BALANCE SHEET
As of December 31, 2023

Special Revenue Funds							
Special Assessments	Restricted	Trusts	Library	Recycling	Municipal Court	Cemetery	Private Property Maintenance
\$ 308,983	\$ 1,638,973	\$ 1,830,602	\$ 426,366	\$ 813,685	\$ 74,626	\$ 396,295	\$ 699,050
-	34,268	-	2,257,317	2,279,129	228,580	164,313	168,450
435,086	-	-	-	-	-	-	-
1,732,658	-	-	-	-	-	-	-
-	-	-	-	-	-	(323)	114,044
-	75,177	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	140,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,476,727</u>	<u>\$ 1,888,418</u>	<u>\$ 1,830,602</u>	<u>\$ 2,683,683</u>	<u>\$ 3,092,814</u>	<u>\$ 303,206</u>	<u>\$ 560,285</u>	<u>\$ 981,544</u>
\$ -	\$ 44,365	\$ 24,042	\$ 56,125	\$ 59,420	\$ 65,520	\$ 41,932	\$ 27,457
122,318	14,350	-	-	-	-	1,000	1,480
-	93,330	3,271	-	-	-	-	-
-	-	-	60	-	(4,672)	-	-
<u>122,318</u>	<u>152,045</u>	<u>27,313</u>	<u>56,185</u>	<u>59,420</u>	<u>60,848</u>	<u>42,932</u>	<u>28,937</u>
1,732,658	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>435,086</u>	<u>34,268</u>	<u>-</u>	<u>2,257,317</u>	<u>2,279,129</u>	<u>228,580</u>	<u>164,313</u>	<u>168,450</u>
<u>2,167,744</u>	<u>34,268</u>	<u>-</u>	<u>2,257,317</u>	<u>2,279,129</u>	<u>228,580</u>	<u>164,313</u>	<u>168,450</u>
186,665	1,192,214	1,803,289	370,181	-	-	-	-
-	471,861	-	-	754,265	13,778	353,040	784,157
-	38,030	-	-	-	-	-	-
<u>186,665</u>	<u>1,702,105</u>	<u>1,803,289</u>	<u>370,181</u>	<u>754,265</u>	<u>13,778</u>	<u>353,040</u>	<u>784,157</u>
<u>\$ 2,476,727</u>	<u>\$ 1,888,418</u>	<u>\$ 1,830,602</u>	<u>\$ 2,683,683</u>	<u>\$ 3,092,814</u>	<u>\$ 303,206</u>	<u>\$ 560,285</u>	<u>\$ 981,544</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING BALANCE SHEET
As of December 31, 2023

	Special Revenue Funds			Capital Projects Funds	
	Sanitary	Health Lab	Room Tax	City Projects	Capital Grants
	Sewer Maintenance				
ASSETS					
Cash and investments	\$ 1,631,446	\$ -	\$ 736,851	\$ 344,177	\$ -
Receivables					
Property taxes	2,609,035	-	-	-	-
Special assessment - tax roll	-	-	-	-	-
Special assessment	-	-	-	-	-
Accrued interest	-	221	65,919	-	-
Accounts	-	-	-	-	-
Loans and notes	-	-	-	-	-
Due from other funds	-	-	-	6,706,880	-
Due from other governments	-	-	-	243,949	297,555
Advances to component unit	-	-	-	120,000	-
Advances to other funds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 4,240,481</u>	<u>\$ 221</u>	<u>\$ 802,770</u>	<u>\$ 7,415,006</u>	<u>\$ 297,555</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 200,145	\$ -	\$ 52,792	\$ 334,953	\$ 297,555
Accrued liabilities	-	-	-	2,005	-
Due to other funds	-	-	-	723,819	-
Due to other governments	-	-	-	-	-
Total Liabilities	<u>200,145</u>	<u>-</u>	<u>52,792</u>	<u>1,060,777</u>	<u>297,555</u>
Deferred Inflows of Resources					
Unavailable revenues	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Unearned property tax revenue	2,609,035	-	-	-	-
Total Deferred Inflows of Resources	<u>2,609,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted	-	-	-	-	-
Committed	1,431,301	221	749,978	6,354,229	-
Assigned	-	-	-	-	-
Total Fund Balances	<u>1,431,301</u>	<u>221</u>	<u>749,978</u>	<u>6,354,229</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	<u>\$ 4,240,481</u>	<u>\$ 221</u>	<u>\$ 802,770</u>	<u>\$ 7,415,006</u>	<u>\$ 297,555</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING BALANCE SHEET
As of December 31, 2023

General Obligation Bond Projects	Capital Projects Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Equipment Replacement	Intergovernmental Revenue Sharing	Equipment Leasing	Endowment Fund	
\$ 14,607,319	\$ 1,766,005	\$ 4,157,707	\$ 448,689	\$ 2,208,116	\$ 36,621,127
-	-	-	-	-	7,741,092
-	-	-	-	-	435,086
-	-	-	-	-	1,732,658
-	-	-	-	-	207,870
-	-	-	22,200	-	280,883
-	-	-	-	-	5,712,121
-	-	-	-	-	6,706,880
-	-	-	-	-	5,805,649
-	-	220,832	-	-	480,832
-	-	13,608,953	-	-	13,608,953
<u>\$ 14,607,319</u>	<u>\$ 1,766,005</u>	<u>\$ 17,987,492</u>	<u>\$ 470,889</u>	<u>\$ 2,208,116</u>	<u>\$ 79,333,151</u>
\$ 3,179,852	\$ 150,518	\$ 83,189	\$ -	\$ 53,739	\$ 5,477,983
13,505	-	-	-	-	154,658
-	-	-	-	13,322	5,232,632
-	-	-	-	-	86,619
<u>3,193,357</u>	<u>150,518</u>	<u>83,189</u>	<u>-</u>	<u>67,061</u>	<u>10,951,892</u>
-	-	-	-	-	7,444,779
-	-	-	-	-	839,816
-	-	-	-	-	8,176,178
-	-	-	-	-	16,460,773
-	-	17,904,303	-	2,141,055	27,469,288
11,413,962	1,615,487	-	470,889	-	24,413,168
-	-	-	-	-	38,030
<u>11,413,962</u>	<u>1,615,487</u>	<u>17,904,303</u>	<u>470,889</u>	<u>2,141,055</u>	<u>51,920,486</u>
<u>\$ 14,607,319</u>	<u>\$ 1,766,005</u>	<u>\$ 17,987,492</u>	<u>\$ 470,889</u>	<u>\$ 2,208,116</u>	<u>\$ 79,333,151</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2023

	Special Revenue Funds			
	HUD Grants	State Grants	Other Agency Grants	Federal Grants
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Special charges and assessments	-	-	-	-
Intergovernmental	3,509,951	2,008,523	-	5,384,730
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	-	-	-	29,545
Miscellaneous and investment income (loss)	87,097	-	-	-
Total Revenues	<u>3,597,048</u>	<u>2,008,523</u>	<u>-</u>	<u>5,414,275</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Health	-	745,585	-	3,684,133
Public safety	-	298,685	-	842,090
Public works	-	504,803	-	-
Education and recreation	-	-	-	-
Community development	1,327,548	-	-	481,955
Debt Service - interest and fiscal charges	-	-	-	-
Capital outlay	1,695,112	499,928	-	376,552
Total Expenditures	<u>3,022,660</u>	<u>2,049,001</u>	<u>-</u>	<u>5,384,730</u>
Excess (deficiency) of revenues over expenditures	<u>574,388</u>	<u>(40,478)</u>	<u>-</u>	<u>29,545</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	-
Premium on long-term debt	-	-	-	-
Transfers in	-	40,478	-	-
Transfers out	(508,546)	-	-	-
Total Other Financing Sources (Uses)	<u>(508,546)</u>	<u>40,478</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	65,842	-	-	29,545
FUND BALANCES - Beginning of Year	<u>279,872</u>	<u>980</u>	<u>-</u>	<u>577,565</u>
FUND BALANCES - END OF YEAR	<u>\$ 345,714</u>	<u>\$ 980</u>	<u>\$ -</u>	<u>\$ 607,110</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2023

Special Revenue Funds						
Loans	Special Assessments	Restricted	Trusts	Library	Recycling	Municipal Court
\$ -	\$ -	\$ -	\$ -	\$ 2,257,319	\$ -	\$ 210,544
-	903,534	-	-	-	-	-
-	-	115,190	-	2,018,667	314,300	-
-	-	-	-	-	-	-
-	-	227,594	-	-	-	137,550
207,945	-	187,166	-	18,473	1,933,356	-
45,566	121,299	469,923	614,756	58,749	83,724	5,382
<u>253,511</u>	<u>1,024,833</u>	<u>999,873</u>	<u>614,756</u>	<u>4,353,208</u>	<u>2,331,380</u>	<u>353,476</u>
-	-	-	-	-	-	-
-	-	173	-	-	-	-
-	-	114,239	-	-	-	345,092
-	-	15,601	-	-	2,249,153	-
-	-	331,699	173,211	4,290,124	-	-
407,774	-	12,545	-	-	-	-
-	-	-	-	-	-	-
-	-	211,613	61,815	28,268	-	-
<u>407,774</u>	<u>-</u>	<u>685,870</u>	<u>235,026</u>	<u>4,318,392</u>	<u>2,249,153</u>	<u>345,092</u>
<u>(154,263)</u>	<u>1,024,833</u>	<u>314,003</u>	<u>379,730</u>	<u>34,816</u>	<u>82,227</u>	<u>8,384</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	29,197	28,640	125,000	-	-
<u>(130,354)</u>	<u>(973,211)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(130,354)</u>	<u>(973,211)</u>	<u>29,197</u>	<u>28,640</u>	<u>125,000</u>	<u>-</u>	<u>-</u>
(284,617)	51,622	343,200	408,370	159,816	82,227	8,384
<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>
<u>\$ 2,917,777</u>	<u>\$ 186,665</u>	<u>\$ 1,702,105</u>	<u>\$ 1,803,289</u>	<u>\$ 370,181</u>	<u>\$ 754,265</u>	<u>\$ 13,778</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2023

	Special Revenue Funds				
	Cemetery	Sanitary			Room Tax
		Private Property Maintenance	Sewer Maintenance	Health Lab	
REVENUES					
Taxes	\$ 219,129	\$ 144,811	\$ -	\$ -	\$ 586,878
Special charges and assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines and Forfeitures	-	277,269	-	-	-
Charges for services	315,040	332,313	2,200,425	3,786	-
Miscellaneous and investment income (loss)	20,549	20,115	80,759	1,105	48,033
Total Revenues	<u>554,718</u>	<u>774,508</u>	<u>2,281,184</u>	<u>4,891</u>	<u>634,911</u>
EXPENDITURES					
Current					
General Government	-	-	-	-	-
Health	-	-	-	8	-
Public safety	-	-	-	-	-
Public works	-	-	873,492	-	-
Education and recreation	576,628	-	-	-	-
Community development	-	1,221,900	-	-	347,899
Debt Service - interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	787,164	-	-
Total Expenditures	<u>576,628</u>	<u>1,221,900</u>	<u>1,660,656</u>	<u>8</u>	<u>347,899</u>
Excess (deficiency) of revenues over expenditures	<u>(21,910)</u>	<u>(447,392)</u>	<u>620,528</u>	<u>4,883</u>	<u>287,012</u>
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	-	-	-	-	-
Premium on long-term debt	-	-	-	-	-
Transfers in	-	479,266	-	-	-
Transfers out	-	-	-	(29,197)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>479,266</u>	<u>-</u>	<u>(29,197)</u>	<u>-</u>
Net Change in Fund Balances	(21,910)	31,874	620,528	(24,314)	287,012
FUND BALANCES - Beginning of Year	<u>374,950</u>	<u>752,283</u>	<u>810,773</u>	<u>24,535</u>	<u>462,966</u>
FUND BALANCES - END OF YEAR	<u>\$ 353,040</u>	<u>\$ 784,157</u>	<u>\$ 1,431,301</u>	<u>\$ 221</u>	<u>\$ 749,978</u>

CITY OF RACINE

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2023

Capital Project Funds			
City Projects	Capital Grants	General Obligation Bond Projects	Equipment Replacement
\$ -	\$ -	\$ -	\$ -
-	-	-	-
640,944	297,555	-	-
-	-	-	-
-	-	-	-
3,776,236	-	-	-
-	-	519,045	34,789
<u>4,417,180</u>	<u>297,555</u>	<u>519,045</u>	<u>34,789</u>
-	-	-	-
-	-	-	960
-	-	-	-
1,927,426	-	717,763	-
-	-	49,496	-
-	-	-	-
738,035	-	68,891	-
<u>2,441,781</u>	<u>297,555</u>	<u>12,612,225</u>	<u>2,530,101</u>
<u>5,107,242</u>	<u>297,555</u>	<u>13,448,375</u>	<u>2,531,061</u>
<u>(690,062)</u>	<u>-</u>	<u>(12,929,330)</u>	<u>(2,496,272)</u>
-	-	14,642,336	3,402,664
-	-	47,639	-
973,211	-	-	-
-	-	(1,109,887)	(876,116)
<u>973,211</u>	<u>-</u>	<u>13,580,088</u>	<u>2,526,548</u>
283,149	-	650,758	30,276
<u>6,071,080</u>	<u>-</u>	<u>10,763,204</u>	<u>1,585,211</u>
<u>\$ 6,354,229</u>	<u>\$ -</u>	<u>\$ 11,413,962</u>	<u>\$ 1,615,487</u>

CITY OF RACINE
Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2023

	Capital Projects Fund		Permanent Fund	Total Nonmajor Governmental Funds
	Intergovernmental		Endowment Fund	
	Revenue Sharing	Equipment Leasing		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 3,418,681
Special charges and assessments	-	-	-	903,534
Intergovernmental	2,382,074	-	-	16,671,934
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	642,413
Charges for services	-	-	-	9,004,285
Miscellaneous and investment income (loss)	556,820	437,137	234,996	3,439,844
Total Revenues	<u>2,938,894</u>	<u>437,137</u>	<u>234,996</u>	<u>34,080,691</u>
EXPENDITURES				
Current				
General Government	-	25,848	-	25,848
Health	-	-	-	4,430,859
Public safety	-	94,178	-	1,694,284
Public works	-	-	-	6,288,238
Education and recreation	-	-	79,327	5,500,485
Community development	366,508	-	-	4,166,129
Debt Service - interest and fiscal charges	-	-	-	806,926
Capital outlay	-	-	55,433	21,597,547
Total Expenditures	<u>366,508</u>	<u>120,026</u>	<u>134,760</u>	<u>44,510,316</u>
Excess (deficiency) of revenues over expenditures	<u>2,572,386</u>	<u>317,111</u>	<u>100,236</u>	<u>(10,429,625)</u>
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	-	-	-	18,045,000
Premium on long-term debt	-	-	-	47,639
Transfers in	-	153,778	-	1,829,570
Transfers out	(31,313)	-	(28,640)	(3,687,264)
Total Other Financing Sources (Uses)	<u>(31,313)</u>	<u>153,778</u>	<u>(28,640)</u>	<u>16,234,945</u>
Net Change in Fund Balances	2,541,073	470,889	71,596	5,805,320
FUND BALANCES - Beginning of Year	<u>15,363,230</u>	<u>-</u>	<u>2,069,459</u>	<u>46,115,166</u>
FUND BALANCES - END OF YEAR	<u>\$ 17,904,303</u>	<u>\$ 470,889</u>	<u>\$ 2,141,055</u>	<u>\$ 51,920,486</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, 2023

	Library			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 2,257,317	\$ 2,257,317	\$ 2,257,319	\$ 2
Intergovernmental	2,013,899	2,013,899	2,018,667	4,768
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	17,500	17,500	18,473	973
Miscellaneous and investment income (loss)	8,000	8,000	58,749	50,749
Total Revenues	<u>4,296,716</u>	<u>4,296,716</u>	<u>4,353,208</u>	<u>56,492</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Health	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Education and recreation	4,266,866	4,391,866	4,290,124	101,742
Community development	-	-	-	-
Capital outlay	29,850	29,850	28,268	1,582
Total Expenditures	<u>4,296,716</u>	<u>4,421,716</u>	<u>4,318,392</u>	<u>103,324</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(125,000)</u>	<u>34,816</u>	<u>159,816</u>
OTHER FINANCING SOURCES				
Transfers in	-	125,000	125,000	-
Transfers out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>125,000</u>	<u>125,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	159,816	<u>\$ 159,816</u>
FUND BALANCES - Beginning of Year			<u>210,365</u>	
FUND BALANCES - END OF YEAR			<u>\$ 370,181</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, 2023

Recycling				Municipal Court			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ 210,544	\$ 210,544	\$ 210,544	\$ -
315,000	315,000	314,300	(700)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	160,000	160,000	137,550	(22,450)
1,962,696	1,962,696	1,933,356	(29,340)	-	-	-	-
25,000	25,000	83,724	58,724	-	-	5,382	5,382
<u>2,302,696</u>	<u>2,302,696</u>	<u>2,331,380</u>	<u>28,684</u>	<u>370,544</u>	<u>370,544</u>	<u>353,476</u>	<u>(17,068)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	370,544	370,544	345,092	25,452
2,302,696	2,423,359	2,249,153	174,206	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,302,696</u>	<u>2,423,359</u>	<u>2,249,153</u>	<u>174,206</u>	<u>370,544</u>	<u>370,544</u>	<u>345,092</u>	<u>25,452</u>
-	(120,663)	82,227	202,890	-	-	8,384	8,384
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ (120,663)</u>	<u>82,227</u>	<u>\$ 202,890</u>	<u>\$ -</u>	<u>\$ -</u>	<u>8,384</u>	<u>\$ 8,384</u>
		<u>672,038</u>				<u>5,394</u>	
		<u>\$ 754,265</u>				<u>\$ 13,778</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, 2023

	Cemetery			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ 219,129	\$ 219,129	\$ 219,129	\$ -
Intergovernmental	-	-	-	-
Licenses and permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Charges for services	375,000	375,000	315,040	(59,960)
Miscellaneous	-	-	20,549	20,549
Total Revenues	<u>594,129</u>	<u>594,129</u>	<u>554,718</u>	<u>(39,411)</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Health	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Education and recreation	697,129	799,432	576,628	222,804
Community development	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>697,129</u>	<u>799,432</u>	<u>576,628</u>	<u>222,804</u>
Excess (deficiency) of revenues over expenditures	<u>(103,000)</u>	<u>(205,303)</u>	<u>(21,910)</u>	<u>183,393</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (103,000)</u>	<u>\$ (205,303)</u>	<u>(21,910)</u>	<u>\$ 183,393</u>
FUND BALANCES - Beginning of Year			<u>374,950</u>	
FUND BALANCES - END OF YEAR			<u>\$ 353,040</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, 2023

Private Property Maintenance				Sanitary Sewer Maintenance			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ 144,731	\$ 144,731	\$ 144,811	\$ 80	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
250,000	250,000	277,269	-	-	-	-	-
75,000	75,000	332,313	257,313	2,206,529	2,206,529	2,200,425	(6,104)
-	-	20,115	20,115	-	-	80,759	80,759
<u>469,731</u>	<u>469,731</u>	<u>774,508</u>	<u>277,508</u>	<u>2,206,529</u>	<u>2,206,529</u>	<u>2,281,184</u>	<u>74,655</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,031,529	1,052,534	873,492	179,042
-	-	-	-	-	-	-	-
1,069,731	1,082,230	1,221,900	(139,670)	-	-	-	-
-	-	-	-	1,175,000	1,349,772	787,164	562,608
<u>1,069,731</u>	<u>1,082,230</u>	<u>1,221,900</u>	<u>(139,670)</u>	<u>2,206,529</u>	<u>2,402,306</u>	<u>1,660,656</u>	<u>741,650</u>
<u>(600,000)</u>	<u>(612,499)</u>	<u>(447,392)</u>	<u>165,107</u>	<u>-</u>	<u>(195,777)</u>	<u>620,528</u>	<u>816,305</u>
600,000	600,000	479,266	(120,734)	-	-	-	-
-	-	-	-	-	-	-	-
<u>600,000</u>	<u>600,000</u>	<u>479,266</u>	<u>(120,734)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ (12,499)</u>	<u>31,874</u>	<u>\$ 44,373</u>	<u>\$ -</u>	<u>\$ (195,777)</u>	<u>620,528</u>	<u>\$ 816,305</u>
		<u>752,283</u>				<u>810,773</u>	
		<u>\$ 784,157</u>				<u>\$ 1,431,301</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, 2023

	Health Lab			Room Tax			
	Original and Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ 447,000	\$ 447,000	\$ 586,878	\$ 139,878
Intergovernmental	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-
Charges for services	-	3,786	3,786	-	-	-	-
Miscellaneous	-	1,105	1,105	22,500	22,500	48,033	25,533
Total Revenues	<u>-</u>	<u>4,891</u>	<u>4,891</u>	<u>469,500</u>	<u>469,500</u>	<u>634,911</u>	<u>165,411</u>
EXPENDITURES							
Current							
General Government	-	-	-	-	-	-	-
Health	-	8	(8)	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Education and recreation	-	-	-	-	-	-	-
Community development	-	-	-	469,500	469,500	347,899	121,601
Capital outlay	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>8</u>	<u>(8)</u>	<u>469,500</u>	<u>469,500</u>	<u>347,899</u>	<u>121,601</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>4,883</u>	<u>4,883</u>	<u>-</u>	<u>-</u>	<u>287,012</u>	<u>287,012</u>
OTHER FINANCING SOURCES							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(29,197)	(29,197)	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>(29,197)</u>	<u>(29,197)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>(24,314)</u>	<u>\$ (24,314)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>287,012</u>	<u>\$ 287,012</u>
FUND BALANCES - Beginning of Year		<u>24,535</u>				<u>462,966</u>	
FUND BALANCES - END OF YEAR		<u>\$ 221</u>				<u>\$ 749,978</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, 2023

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 18,600,000	\$ 18,600,000	\$ -
Intergovernmental	-	-	-
Miscellaneous	-	-	-
Total Revenues	<u>18,600,000</u>	<u>18,600,000</u>	<u>-</u>
EXPENDITURES			
Debt service			
Principal	16,056,510	37,530,000	(21,473,490)
Interest and fiscal charges	<u>3,624,139</u>	<u>3,487,058</u>	<u>137,081</u>
Total Expenditures	<u>19,680,649</u>	<u>41,017,058</u>	<u>(21,336,409)</u>
Deficiency of revenues over expenditures	<u>(1,080,649)</u>	<u>(22,417,058)</u>	<u>(21,336,409)</u>
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	17,775,000	17,775,000
Premium on long-term debt issued	-	666,217	666,217
Payment to escrow agent	-	-	-
Transfers in	<u>1,080,649</u>	<u>4,134,680</u>	<u>3,054,031</u>
Total Other Financing Sources (Uses)	<u>1,080,649</u>	<u>22,575,897</u>	<u>21,495,248</u>
Net Change in Fund Balances	<u>\$ -</u>	158,839	<u>\$ 158,839</u>
FUND BALANCES - Beginning of Year		<u>458,735</u>	
FUND BALANCES - END OF YEAR		<u>\$ 617,574</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, 2023

	General Obligation Bond Projects			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	519,045	519,045
Total Revenues	-	-	519,045	519,045
EXPENDITURES				
Current				
General administration	-	-	-	-
Public safety	-	-	-	-
Public works	782,371	782,371	717,763	64,608
Education and recreation	100,000	100,000	49,496	50,504
Community development	-	-	-	-
Debt service - interest and fiscal charges	-	-	68,891	(68,891)
Capital outlay	12,691,600	22,004,740	12,612,225	9,392,515
Total Expenditures	13,573,971	22,887,111	13,448,375	9,438,736
Excess (deficiency) of revenues over expenditures	(13,573,971)	(22,887,111)	(12,929,330)	9,957,781
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	14,607,971	14,607,971	14,642,336	34,365
Premium on long-term debt	-	-	47,639	47,639
Transfers in	-	-	-	-
Transfers out	(1,034,000)	(2,148,836)	(1,109,887)	1,038,949
Total Other Financing Sources (Uses)	13,573,971	12,459,135	13,580,088	1,120,953
Net Change in Fund Balances	\$ -	\$ (10,427,976)	650,758	\$ 11,078,734
FUND BALANCES - Beginning of Year			10,763,204	
FUND BALANCES - END OF YEAR			\$ 11,413,962	

CITY OF RACINE
Capital Project Funds

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2023

Equipment Replacement Fund				Intergovernmental Revenue Sharing			
Original Budget	Final Budget	Actual	Variance with Final Budget	Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,187,545	2,187,545	2,382,074	194,529
-	-	-	-	-	-	-	-
201,000	201,000	34,789	(166,211)	100,000	100,000	556,820	456,820
<u>201,000</u>	<u>201,000</u>	<u>34,789</u>	<u>(166,211)</u>	<u>2,287,545</u>	<u>2,287,545</u>	<u>2,938,894</u>	<u>651,349</u>
-	-	-	-	-	-	-	-
-	-	960	(960)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,987,545	2,035,872	366,508	1,669,364
-	-	-	-	-	-	-	-
<u>2,881,326</u>	<u>4,207,665</u>	<u>2,530,101</u>	<u>1,677,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,881,326</u>	<u>4,207,665</u>	<u>2,531,061</u>	<u>1,676,604</u>	<u>1,987,545</u>	<u>2,035,872</u>	<u>366,508</u>	<u>1,669,364</u>
<u>(2,680,326)</u>	<u>(4,006,665)</u>	<u>(2,496,272)</u>	<u>1,510,393</u>	<u>300,000</u>	<u>251,673</u>	<u>2,572,386</u>	<u>2,320,713</u>
3,402,664	3,402,664	3,402,664	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(722,338)</u>	<u>(722,338)</u>	<u>(876,116)</u>	<u>(153,778)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(31,313)</u>	<u>268,687</u>
<u>2,680,326</u>	<u>2,680,326</u>	<u>2,526,548</u>	<u>(153,778)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(31,313)</u>	<u>268,687</u>
<u>\$ -</u>	<u>\$ (1,326,339)</u>	<u>30,276</u>	<u>\$ 1,356,615</u>	<u>\$ -</u>	<u>\$ (48,327)</u>	<u>2,541,073</u>	<u>\$ 2,589,400</u>
		<u>1,585,211</u>				<u>15,363,230</u>	
		<u>\$ 1,615,487</u>				<u>\$ 17,904,303</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, 2023

Equipment Leasing			
Original Budget	Final Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	437,137	437,137
-	-	437,137	437,137
-	-	25,848	(25,848)
-	-	94,178	(94,178)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	120,026	(120,026)
-	-	317,111	317,111
-	-	-	-
-	-	-	-
-	-	153,778	153,778
-	-	-	-
-	-	153,778	153,778
\$ -	\$ -	470,889	\$ 470,889
		-	
		\$ 470,889	

CITY OF RACINE
Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET POSITION
As of December 31, 2023

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Total
ASSETS					
Current Assets					
Cash and investments	\$ 72,703	\$ 3,584	\$ 257,210	\$ 456,217	\$ 789,714
Receivables					
Accounts	-	-	147,725	7,546	155,271
Taxes	9,210	-	299,000	-	308,210
Inventories	-	-	21,141	-	21,141
Total Current Assets	<u>81,913</u>	<u>3,584</u>	<u>725,076</u>	<u>463,763</u>	<u>1,274,336</u>
Noncurrent Assets					
Capital assets					
Land	1,014,105	1,432,654	140,421	15,000	2,602,180
Land and building improvements	18,248,160	3,178,439	9,212,625	189,159	30,828,383
Equipment, furniture and vehicles	677,290	-	462,250	12,913	1,152,453
Construction in progress	207,955	-	-	-	207,955
Less: accumulated depreciation	<u>(12,270,820)</u>	<u>(2,728,238)</u>	<u>(7,602,556)</u>	<u>(161,696)</u>	<u>(22,763,310)</u>
Total Capital Assets, Net	<u>7,876,690</u>	<u>1,882,855</u>	<u>2,212,740</u>	<u>55,376</u>	<u>12,027,661</u>
Total Assets	<u>\$ 7,958,603</u>	<u>\$ 1,886,439</u>	<u>\$ 2,937,816</u>	<u>\$ 519,139</u>	<u>\$ 13,301,997</u>
Deferred Outflows of Resources					
Deferred amounts relating to pension	\$ 147,208	\$ -	\$ -	\$ 71,971	\$ 219,179
Deferred amounts relating to OPEB	-	-	-	86,768	86,768
Deferred amounts relating to life insurance	<u>4,702</u>	<u>-</u>	<u>-</u>	<u>2,930</u>	<u>7,632</u>
Total Deferred Outflows of Resources	<u>\$ 151,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,669</u>	<u>\$ 313,579</u>

CITY OF RACINE
Nonmajor Enterprise Funds

COMBINING STATEMENT OF NET POSITION
As of December 31, 2023

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Total
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 57,872	\$ -	\$ 95,955	\$ 2,695	\$ 156,522
Accrued liabilities	-	5,000	85,093	1,638	91,731
Due to other funds	-	-	364,566	-	364,566
Total Current Liabilities	<u>57,872</u>	<u>5,000</u>	<u>545,614</u>	<u>4,333</u>	<u>612,819</u>
Noncurrent Liabilities					
Net pension liability	47,328	-	-	22,399	69,727
Life insurance liability	6,077	-	-	2,659	8,736
OPEB obligation	-	-	-	876,315	876,315
Total Noncurrent Liabilities	<u>53,405</u>	<u>-</u>	<u>-</u>	<u>901,373</u>	<u>954,778</u>
Total Liabilities	<u>111,277</u>	<u>5,000</u>	<u>545,614</u>	<u>905,706</u>	<u>1,567,597</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred amounts relating to pension	114,845	-	-	55,261	170,106
Deferred amounts relating to OPEB	-	-	-	136,624	136,624
Deferred amounts relating to life insurance	5,478	-	-	2,769	8,247
Unearned property tax revenue	9,210	-	299,000	-	308,210
Total Deferred Inflows of Resources	<u>129,533</u>	<u>-</u>	<u>299,000</u>	<u>194,654</u>	<u>623,187</u>
NET POSITION					
Net Investment in capital assets	7,876,690	1,882,855	2,212,740	55,376	12,027,661
Restricted for pension asset	-	-	-	-	-
Unrestricted (deficit)	<u>(6,987)</u>	<u>(1,416)</u>	<u>(119,538)</u>	<u>(474,928)</u>	<u>(602,869)</u>
TOTAL NET POSITION (Deficit)	<u>\$ 7,869,703</u>	<u>\$ 1,881,439</u>	<u>\$ 2,093,202</u>	<u>\$ (419,552)</u>	<u>\$ 11,424,792</u>

CITY OF RACINE
Nonmajor Enterprise Funds

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended December 31, 2023

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Total
OPERATING REVENUES					
Charges for services	\$ 947,833	\$ -	\$ 140,353	\$ 56,248	\$ 1,144,434
Other	3,151	-	-	-	3,151
Total Operating Revenues	<u>950,984</u>	<u>-</u>	<u>140,353</u>	<u>56,248</u>	<u>1,147,585</u>
OPERATING EXPENSES					
Public Works	(991,533)	-	-	178,618	(812,915)
Education and recreation	-	-	465,901	-	465,901
Depreciation	515,896	48,536	282,694	5,984	853,110
Total Operating Expenses	<u>(475,637)</u>	<u>48,536</u>	<u>748,595</u>	<u>184,602</u>	<u>506,096</u>
Operating Loss (Income)	<u>1,426,621</u>	<u>(48,536)</u>	<u>(608,242)</u>	<u>(128,354)</u>	<u>641,489</u>
NONOPERATING REVENUES					
Investment income (loss)	12,300	149	-	21,676	34,125
Tax levy	9,210	-	299,000	-	308,210
Total Nonoperating Revenues	<u>21,510</u>	<u>149</u>	<u>299,000</u>	<u>21,676</u>	<u>342,335</u>
(Loss) Income Before Transfers	1,448,131	(48,387)	(309,242)	(106,678)	983,824
TRANSFERS IN					
Change in Net Position	<u>1,448,131</u>	<u>(48,387)</u>	<u>(309,242)</u>	<u>(106,678)</u>	<u>983,824</u>
TOTAL NET POSITION (DEFICIT), Beginning of Year	<u>6,421,572</u>	<u>1,929,826</u>	<u>2,402,444</u>	<u>(312,874)</u>	<u>10,440,968</u>
TOTAL NET POSITION (DEFICIT), END OF YEAR	<u>\$ 7,869,703</u>	<u>\$ 1,881,439</u>	<u>\$ 2,093,202</u>	<u>\$ (419,552)</u>	<u>\$ 11,424,792</u>

CITY OF RACINE
Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 950,886	\$ -	\$ 122,015	\$ 55,927	\$ 1,128,828
Payments to suppliers	961,244	-	(465,901)	(57,457)	437,886
Payments to employees	(2,062,541)	-	-	(139,309)	(2,201,850)
Net Cash Flows From Operating Activities	<u>(150,411)</u>	<u>-</u>	<u>(343,886)</u>	<u>(140,839)</u>	<u>(635,136)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies received-tax levy	9,210	-	299,000	-	308,210
Net Cash Flows From Noncapital Financing Activities	<u>9,210</u>	<u>-</u>	<u>299,000</u>	<u>-</u>	<u>308,210</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(207,955)	-	-	-	(207,955)
Net Cash Flows From Capital and Related Financing Activities	<u>(207,955)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,955)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income (loss)	12,300	149	-	21,676	34,125
Net Cash Flows From Investing Activities	<u>12,300</u>	<u>149</u>	<u>-</u>	<u>21,676</u>	<u>34,125</u>
Change in Cash and Cash Equivalents	(336,856)	149	(44,886)	(119,163)	(500,756)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>409,559</u>	<u>3,435</u>	<u>302,096</u>	<u>575,380</u>	<u>1,290,470</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 72,703</u>	<u>\$ 3,584</u>	<u>\$ 257,210</u>	<u>\$ 456,217</u>	<u>\$ 789,714</u>

CITY OF RACINE
Nonmajor Enterprise Funds

COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

	Parking Utility	Golf Courses	Civic Centre	Radio Repair	Totals
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES					
Operating (loss) income provided	\$ 1,426,621	\$ (48,536)	\$ (608,242)	\$ (128,354)	\$ 641,489
Adjustments to Reconcile Operating Loss to net cash flows from operating activities:					
Other postemployment benefits	(2,062,541)	-	-	(20,922)	(2,083,463)
Depreciation	515,896	48,536	282,694	5,984	853,110
Changes in assets, deferred outflows, liabilities, and deferred inflows					
Accounts receivable	(97)	-	(18,338)	(321)	(18,756)
Accounts payable	(27,546)	-	-	2,695	(24,851)
Accrued liabilities	(2,744)	-	-	79	(2,665)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ (150,411)	\$ -	\$ (343,886)	\$ (140,839)	\$ (635,136)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
None					

CITY OF RACINE

Internal Service Funds

COMBINING STATEMENT OF NET POSITION

As of December 31, 2023

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
ASSETS						
Current Assets						
Cash and investments	\$ 76,068	\$ -	\$ 239,753	\$ 11,993,029	\$ -	\$ 12,308,850
Receivables						
Accounts	35,294	177,000	942	939,752	288,755	1,441,743
Inventories	514,645	-	-	-	-	514,645
Due from other funds	7,166	-	-	-	2,793	9,959
Total Current Assets	<u>633,173</u>	<u>177,000</u>	<u>240,695</u>	<u>12,932,781</u>	<u>291,548</u>	<u>14,275,197</u>
Noncurrent Assets						
Capital assets						
Land	32,879	-	-	-	-	32,879
Intangible assets	-	3,502,823	-	-	-	3,502,823
Buildings and land improvements	1,954,301	-	-	-	-	1,954,301
Equipment, furniture and vehicles	497,368	3,269,700	261,429	-	262,509	4,291,006
Less: Accumulated depreciation and amortization	<u>(2,005,734)</u>	<u>(4,414,217)</u>	<u>(261,429)</u>	<u>-</u>	<u>(262,509)</u>	<u>(6,943,889)</u>
Total Capital Assets (net of accumulated depreciation/amortization)	<u>478,814</u>	<u>2,358,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,837,120</u>
Total Assets	<u>\$ 1,111,987</u>	<u>\$ 2,535,306</u>	<u>\$ 240,695</u>	<u>\$ 12,932,781</u>	<u>\$ 291,548</u>	<u>\$ 17,112,317</u>
Deferred Outflows of Resources						
Deferred amounts relating to pension	\$ 1,490,389	\$ 691,738	\$ 911,403	\$ -	\$ -	\$ 3,093,530
Deferred amounts relating to life insurance	20,670	10,083	12,995	-	-	43,748
Total Deferred Outflows of Resources	<u>\$ 1,511,059</u>	<u>\$ 701,821</u>	<u>\$ 924,398</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,137,278</u>

CITY OF RACINE

Internal Service Funds

COMBINING STATEMENT OF NET POSITION

As of December 31, 2023

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 41,316	\$ 426,042	\$ 106,311	\$ 168,380	\$ -	\$ 742,049
Accrued liabilities	32,349	15,505	19,867	1,088,032	-	1,155,753
Due to other funds	-	126,553	6,348	-	84,670	217,571
Total Current Liabilities	73,665	568,100	132,526	1,256,412	84,670	2,115,373
Noncurrent Liabilities						
Life insurance liability	48,430	24,500	30,198	-	-	103,128
Net pension liability	378,610	191,808	237,128	-	-	807,546
Compensated absences	44,168	7,500	16,036	-	-	67,704
Total Noncurrent Liabilities	471,208	223,808	283,362	-	-	978,378
Total Liabilities	544,873	791,908	415,888	1,256,412	84,670	3,093,751
Deferred Inflows of Resources						
Deferred amounts relating to pension	823,823	405,714	513,626	-	-	1,743,163
Deferred amounts relating to life insurance	36,438	18,280	22,760	-	-	77,478
Total Deferred Inflows of Resources	860,261	423,994	536,386	-	-	1,820,641
NET POSITION						
Net investment in capital assets	478,814	2,358,306	-	-	-	2,837,120
Unrestricted (deficit)	739,098	(337,081)	212,819	11,676,369	206,878	12,498,083
TOTAL NET POSITION	\$ 1,217,912	\$ 2,021,225	\$ 212,819	\$ 11,676,369	\$ 206,878	\$ 15,335,203

CITY OF RACINE

Internal Service Funds

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

For the year ended December 31, 2023

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
OPERATING REVENUES						
Charges for services and sales						
Labor, fuel, parts and equipment charges	\$ 4,803,695	\$ -	\$ -	\$ -	\$ -	\$ 4,803,695
Health insurance premiums	-	-	-	17,064,883	-	17,064,883
Telephone service sales	-	-	-	-	112,100	112,100
Computer service sales	-	2,893,346	-	-	-	2,893,346
Facilities rent	-	-	3,348,916	-	-	3,348,916
Other	-	150,000	-	-	285,980	435,980
Total Operating Revenues	<u>4,803,695</u>	<u>3,043,346</u>	<u>3,348,916</u>	<u>17,064,883</u>	<u>398,080</u>	<u>28,658,920</u>
OPERATING EXPENSES						
Public Works						
Operating supplies and expenses	4,786,097	-	3,325,638	-	-	8,111,735
General administration						
Telephone expenses	-	-	-	-	343,150	343,150
Health insurance	-	-	-	19,683,762	-	19,683,762
Information systems	-	3,723,358	-	-	-	3,723,358
Depreciation and amortization	48,337	1,024,717	1,166	-	-	1,074,220
Total Operating Expenses	<u>4,834,434</u>	<u>4,748,075</u>	<u>3,326,804</u>	<u>19,683,762</u>	<u>343,150</u>	<u>32,936,225</u>
Operating (Loss) Income Before Transfers	(30,739)	(1,704,729)	22,112	(2,618,879)	54,930	(4,277,305)
TRANSFER IN	-	1,590,459	-	-	-	1,590,459
Change in Net Position	(30,739)	(114,270)	22,112	(2,618,879)	54,930	(2,686,846)
TOTAL NET POSITION, Beginning of Year	<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>
TOTAL NET POSITION - END OF YEAR	<u>\$ 1,217,912</u>	<u>\$ 2,021,225</u>	<u>\$ 212,819</u>	<u>\$ 11,676,369</u>	<u>\$ 206,878</u>	<u>\$ 15,335,203</u>

CITY OF RACINE
Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 4,799,865	\$ 2,893,346	\$ 3,348,327	\$ 16,581,658	\$ 107,297	\$ 27,730,493
Payments to suppliers	(2,748,470)	(2,588,808)	(2,066,888)	(18,240,191)	(265,787)	(25,910,144)
Payments to employees	(1,975,327)	(1,028,816)	(1,176,272)	(1,251,053)	-	(5,431,468)
Net Cash Flows From Operating Activities	<u>76,068</u>	<u>(724,278)</u>	<u>105,167</u>	<u>(2,909,586)</u>	<u>(158,490)</u>	<u>(3,611,119)</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES						
Operating subsidies received-City	-	-	-	-	-	-
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Transfer from other funds for capital purposes	-	1,590,459	-	-	-	1,590,459
Acquisition and construction of capital assets	-	(866,181)	-	-	-	(866,181)
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>724,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>724,278</u>
Change in Cash and Cash Equivalents	76,068	-	105,167	(2,909,586)	(158,490)	(2,886,841)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>	<u>-</u>	<u>134,586</u>	<u>14,902,615</u>	<u>158,490</u>	<u>15,195,691</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 76,068</u>	<u>\$ -</u>	<u>\$ 239,753</u>	<u>\$ 11,993,029</u>	<u>\$ -</u>	<u>\$ 12,308,850</u>

CITY OF RACINE
Internal Service Funds

COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

	Equipment Maintenance Garage	Information Systems	Building Complex	Health Insurance	Telephones	Total
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED FLOWS FROM OPERATING ACTIVITIES:						
Operating (Loss) Income	\$ (30,739)	\$ (1,704,729)	\$ 22,112	\$ (2,618,879)	\$ 54,930	\$ (4,277,305)
Adjustments to Reconcile Operating (Loss) Income to Net Cash						
Flows From Operating Activities						
Other post employment benefits	129,467	47,991	58,960	-	-	236,418
Depreciation/Amortization expense	48,337	1,024,717	1,166	-	-	1,074,220
Changes in assets, deferred outflows, liabilities, and deferred inflows						
Accounts receivable	(15,831)	(150,000)	(589)	(483,225)	(287,990)	(937,635)
Inventories and prepaids	44,361	-	-	-	-	44,361
Due from other funds	12,002	-	-	-	(2,793)	9,209
Pension benefits	-	-	-	-	-	-
Changes in deferred outflows/inflows	-	-	-	-	-	-
Accounts payable	(10,800)	109,962	30,242	(164,300)	(7,307)	(42,203)
Accrued liabilities	7,058	(567)	(538)	356,818	-	362,771
Due to other funds	(107,787)	(51,652)	(6,186)	-	84,670	(80,955)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>\$ 76,068</u>	<u>\$ (724,278)</u>	<u>\$ 105,167</u>	<u>\$ (2,909,586)</u>	<u>\$ (158,490)</u>	<u>\$ (3,611,119)</u>

**NONCASH CAPITAL AND
RELATED FINANCING ACTIVITIES**

None

CITY OF RACINE

Component Unit

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	<u>Redevelopment Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 647,394
Payments to suppliers	(1,196,741)
Net Cash Flows From Operating Activities	<u>(549,347)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
ACTIVITIES	
Investment income (loss)	<u>56,117</u>
Net Cash Flows From Capital and Related Investing Activities	<u>56,117</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING	
ACTIVITIES	
Proceeds from sale of assets	734,731
Operating subsidies received - City	<u>-</u>
Net Cash Flows From Noncapital and Related Financing Activities	<u>734,731</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING	
ACTIVITIES	
Capital contribution received	-
Acquisition and construction of capital assets	<u>137,147</u>
Net Cash Flows From Capital and Related Financing Activities	<u>137,147</u>
Change in Cash and Cash Equivalents	378,648
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>1,444,632</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,823,280</u>

CITY OF RACINE

Component Unit

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	<u>Redevelopment Authority</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED FLOWS FROM OPERATING ACTIVITIES	
Operating Income	\$ (242,598)
Adjustments to Reconcile Operating Income to Net Cash:	
Changes in assets and liabilities	
Accounts receivable	-
Customer deposits	(38,000)
Accounts payable	(268,749)
NET CASH FLOW FROM OPERATING ACTIVITIES	<u>\$ (549,347)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
None	