

# Racine Water and Wastewater Utilities

Presentation to the Commissions  
2019 Audit Results

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor



Create Opportunities

# Agenda

- Significant Audit Areas and Audit Results
- Financial Highlights
- Governance Communication
- Management Letter
- Conclusion

# Significant Audit Areas

- Cash and investments, including restrictions
- Receivables and revenue
- Capital assets
- Pension and OPEB
- Long-term debt and other obligations
- Net assets
- Expenses

AUDITORS' OPINION



# Water - Balance Sheet

	Water	
	2019	2018
<b>Assets</b>		
Cash and Investments	\$ 25,980,836	\$ 12,069,905
Receivables and Other Assets	12,633,508	10,531,935
Pension Asset	-	657,387
Capital Assets	141,689,656	133,261,016
<b>Total Assets</b>	<u>180,304,000</u>	<u>156,520,243</u>
<b>Deferred Outflows</b>		
Deferred amounts on refunding	950,249	1,096,350
Deferred OPEB amounts	2,007,085	1,983,208
Deferred pension amounts	2,072,830	1,217,068
<b>Total Deferred Outflows</b>	<u>5,030,164</u>	<u>4,296,626</u>
<b>Current liabilities</b>	16,595,860	12,825,554
Pension Liability	780,751	-
OPEB Liability	17,379,170	18,917,347
Debt and Other Long-term liabilities	45,669,918	29,325,378
<b>Total Liabilities</b>	<u>80,425,699</u>	<u>61,068,279</u>
<b>Deferred Inflows</b>		
Deferred OPEB amounts	1,526,491	3,722
Deferred pension amounts	1,113,221	1,371,004
<b>Total Deferred Inflows</b>	<u>2,639,712</u>	<u>1,374,726</u>
<b>Net Position</b>	<u>\$ 102,268,753</u>	<u>\$ 98,373,864</u>



# Water – Net Position

	Water	
	<u>2019</u>	<u>2018</u>
Net investment in capital assets	\$ 106,837,061	\$ 104,260,213
Restricted	2,761,237	3,655,543
Unrestricted	<u>(7,329,545)</u>	<u>(9,541,892)</u>
Total Net Position	<u>\$ 102,268,753</u>	<u>\$ 98,373,864</u>



# Water - Operations

	Water	
	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 21,250,659	\$ 21,643,539
Operating expenses	<u>15,531,882</u>	<u>15,084,704</u>
Operating Income	5,718,777	6,558,835
Nonoperating revenues and expenses	(1,721,131)	(938,236)
Capital grants and contributions	3,227,619	1,064,287
Transfers out	<u>(3,330,376)</u>	<u>(3,521,690)</u>
Change in net position	<u>\$ 3,894,889</u>	<u>\$ 3,163,196</u>



# Water - Cash Flow

	Water	
	2019	2018
Operating activities	\$ 14,546,508	\$ 12,366,581
Noncapital financing activities	(4,130,415)	(4,567,655)
Capital and related activities	3,343,671	(7,552,309)
Investing activities	<u>151,167</u>	<u>99,525</u>
Increase (decrease) in cash	13,910,931	346,142
Cash - beginning of year	<u>12,069,905</u>	<u>11,723,763</u>
Cash - end of year	<u>\$ 25,980,836</u>	<u>\$ 12,069,905</u>
Unrestricted	\$ 7,671,782	\$ 5,787,163
Restricted	<u>18,309,054</u>	<u>6,282,742</u>
	<u>\$ 25,980,836</u>	<u>\$ 12,069,905</u>



# Wastewater - Balance Sheet

	Wastewater	
	2019	2018
<b>Assets</b>		
Cash and Investments	\$ 20,260,790	\$ 18,537,367
Receivables and Other Assets	6,728,906	6,699,991
Plant Capacity Receivables	24,388,865	14,797,394
Pension Asset	-	504,481
Capital Assets	81,969,013	79,124,289
<b>Total Assets</b>	<b>133,347,574</b>	<b>119,663,522</b>
<b>Deferred Outflows</b>		
Deferred OPEB amounts	742,070	1,001,283
Deferred pension amounts	1,510,678	919,718
<b>Total Deferred Outflows</b>	<b>2,252,748</b>	<b>1,921,001</b>
<b>Current Liabilities</b>	15,040,138	13,498,022
Pension Liability	577,468	-
OPEB Liability	13,018,232	13,929,004
Long-term Liabilities	74,629,227	64,172,590
<b>Total Liabilities</b>	<b>103,265,065</b>	<b>91,599,616</b>
<b>Deferred Inflows</b>		
Rate Stability Fund	800,000	400,000
Deferred OPEB amounts	1,178,055	177,457
Deferred pension amounts	824,908	1,064,138
<b>Total Deferred Inflows</b>	<b>2,802,963</b>	<b>1,641,595</b>
<b>Net Position</b>	<b>\$ 29,532,294</b>	<b>\$ 28,343,312</b>





# Wastewater - Net Position

	Wastewater	
	2019	2018
Net investment in capital assets	\$ 49,315,276	\$ 46,485,323
Restricted	7,514,778	7,929,850
Unrestricted	<u>(27,297,760)</u>	<u>(26,071,861)</u>
Total Net Position	<u>\$ 29,532,294</u>	<u>\$ 28,343,312</u>



# Wastewater - Operations

	<u>Wastewater</u>	
	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 14,655,297	\$ 13,988,635
Operating expenses	<u>13,432,722</u>	<u>12,775,255</u>
Operating Income	1,222,575	1,213,380
Nonoperating revenues and expenses	931,196	1,005,511
Capital grants and contributions	-	923,511
Transfers out	<u>(964,789)</u>	<u>(948,460)</u>
Change in net position	<u>\$ 1,188,982</u>	<u>\$ 2,193,942</u>



# Wastewater - Cash Flow

	Wastewater	
	<u>2019</u>	<u>2018</u>
Operating activities	\$ 10,012,266	\$ 5,382,140
Noncapital financing activities	(3,273,718)	(1,205,137)
Capital and related activities	(5,176,782)	(1,094,523)
Investing activities	<u>161,657</u>	<u>132,553</u>
Increase (decrease) in cash	1,723,423	3,215,033
Cash - beginning of year	<u>18,537,367</u>	<u>15,322,334</u>
Cash - end of year	<u><u>\$ 20,260,790</u></u>	<u><u>\$ 18,537,367</u></u>
Unrestricted	\$ 12,615,393	\$ 10,969,090
Restricted	<u>7,645,397</u>	<u>7,568,277</u>
	<u><u>\$ 20,260,790</u></u>	<u><u>\$ 18,537,367</u></u>



# Audit Communication Letter

- Auditor's responsibilities
- Accounting policies, estimates and disclosures
- No difficulties in performing the audit and no disagreements with management
- Audit adjustments - None
- Management representations



# Internal Control Letter

- Financial Statement Preparation
- Segregation of Duties
- Technology
  - User groups
  - Workstation control



# Conclusion

- Records are maintained in good order
- Full cooperation from management and staff

Questions?





Shannon Small, CPA  
Director  
414-721-7603  
shannon.small@claconnect.com

