

**RACINE UNIFIED SCHOOL DISTRICT  
RACINE, WISCONSIN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**RACINE UNIFIED SCHOOL DISTRICT  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>5</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>DISTRICT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>14</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>15</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET — GOVERNMENTAL FUNDS</b>	<b>16</b>
<b>RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION</b>	<b>17</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS</b>	<b>18</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS</b>	<b>20</b>
<b>STATEMENT OF NET POSITION — FIDUCIARY FUNDS</b>	<b>21</b>
<b>STATEMENT OF CHANGES IN NET POSITION — FIDUCIARY FUNDS</b>	<b>22</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>23</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL — GENERAL FUND — BUDGETARY BASIS</b>	<b>68</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL — SPECIAL EDUCATION SPECIAL REVENUE FUND — BUDGETARY BASIS</b>	<b>69</b>
<b>SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS</b>	<b>70</b>
<b>SCHEDULE OF EMPLOYER CONTRIBUTIONS — OTHER POSTEMPLOYMENT BENEFIT PLAN</b>	<b>71</b>
<b>SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) — WISCONSIN RETIREMENT SYSTEM</b>	<b>72</b>
<b>SCHEDULE OF CONTRIBUTIONS — WISCONSIN RETIREMENT SYSTEM</b>	<b>72</b>
<b>SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) — LOCAL RETIREE LIFE INSURANCE FUND</b>	<b>73</b>
<b>SCHEDULE OF CONTRIBUTIONS — LOCAL RETIREE LIFE INSURANCE FUND</b>	<b>73</b>
<b>SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS — SUPPLEMENTAL PENSION</b>	<b>74</b>
<b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>75</b>

**RACINE UNIFIED SCHOOL DISTRICT  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

**SUPPLEMENTARY INFORMATION**

<b>COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS</b>	<b>81</b>
<b>COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS</b>	<b>82</b>
<b>ADDITIONAL INDEPENDENT AUDITORS' REPORT FOR BASIC FINANCIAL STATEMENTS</b>	
<b>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>84</b>
<b>FEDERAL AND STATE AWARDS</b>	
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE <i>STATE SINGLE AUDIT GUIDELINES</i></b>	<b>87</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>90</b>
<b>SCHEDULE OF EXPENDITURES OF STATE AWARDS</b>	<b>92</b>
<b>NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS</b>	<b>93</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>95</b>



## INDEPENDENT AUDITORS' REPORT

Board of Education  
Racine Unified School District  
Racine, Wisconsin

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Racine Unified School District, Racine, Wisconsin (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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. 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 the District 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.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 District'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***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 District'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 District'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 management's discussion and analysis, the budgetary comparison information and the schedules relating to pensions and other postemployment benefits 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 District's basic financial statements. The combining nonmajor governmental fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration are also presented for purposes of additional analysis and are 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 GAAS. In our opinion, the combining nonmajor governmental fund financial statements and the schedule of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Education  
Racine Unified School District

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
December 15, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**RACINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FINANCIAL HIGHLIGHTS**

- The District's overall financial position, as reflected in total net position, increased \$19,816,474 during the 2022-2023 fiscal year.
- The District's governmental fund balance reported an increase of \$165,757,926 compared to an increase of \$16,670,468 in the prior year. The Capital Project fund increased in fund balance by \$137,645,726 and Other Governmental funds increased in fund balance by \$1,041,903, the General Fund increased by \$19,675,761. The General Fund increase is primarily due to favorable budget variances. Increase in the Capital Projects Fund was due to an interfund transfer of General Funds to the Long-Term Capital Improvement Fund for planned capital projects and sales of capital assets.
- The District's reported capital assets increased by \$1,875,022 over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The basic financial statements are comprised of (1) district-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

**Government-Wide Financial Statements**

- The district-wide financial statements are the Statement of Net Position and the Statement of Activities. These statements present an aggregate view of the District's finances in a manner similar to private-sector business.
- The Statement of Net Position presents information on all of the District's assets, deferred outflows/inflows of resources and liabilities, with the difference reported as net position.
- The Statement of Activities presents information showing how the District's net position changed during the year.

**Fund Financial Statements**

- The District also produces fund financial statements, the Balance Sheet and the Statement of Revenue, Expenditures, Changes in Fund Balance, and Fiduciary Statements.
- A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements.

**RACINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

- The District has two types of funds: governmental, and fiduciary. Governmental funds are: general, special revenue, special education, special project, debt service, and capital projects. The District has two fiduciary funds. An employee benefit trust fund accounts for District and retiree contributions for post-retirement health and dental coverage and a custodial fund to account for funds of student organizations.
- Financial information is presented separately on the Balance Sheet and the Statement of Revenue, Expenditures, and Changes in Fund Balance for the general fund and capital projects fund as they are considered to be major funds. Data for all other funds is combined into a single aggregated column. Data for each of these individual nonmajor funds is provided separately as supplementary information.
- The District serves as a trustee, or fiduciary, for student organizations and for certain trust beneficiaries. The assets of these funds do not directly benefit nor are under the direct control of the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Fiduciary activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.
- The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement for the general fund has been provided to demonstrate compliance with this budget.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes follow the financial statements for the fiduciary funds.

**RACINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS**

**The District as a Whole**

**Net Position**

Table 1, below, provides a summary of the District's statement of net position for the year ended June 30, 2023 with a comparison to the prior year.

<b>Table 1</b>				
<b>Condensed Statement of Net Assets</b>				
<b>(in thousands of dollars)</b>				
	Racine Unified School District		%	
	2023	2022	Change 2022-2023	
<b>Assets</b>				
Current Assets	\$ 297,616	\$ 130,265	128.5%	
Net Pension Asset	-	68,630	-100.0%	
Capital Assets	204,130	202,255	0.9%	
Total Assets	501,746	401,150	25.1%	
<b>Deferred Outflows</b>				
Related to Pension	158,971	129,313	22.9%	
Related to Other				
Postemployment Benefits	18,547	9,791	89.4%	
Loss on Advance Refunding	800	870	-8.0%	
Total Deferred Outflows	178,318	139,974	27.4%	
<b>Liabilities</b>				
Long-Term Obligations	365,331	179,369	103.7%	
Other Liabilities	29,098	26,508	9.8%	
Total Liabilities	394,429	205,877	91.6%	
<b>Deferred Inflows</b>				
Related to Pension	92,856	162,818	-43.0%	
Related to Other				
Postemployment Benefits	36,174	35,640	1.5%	
Total Deferred Outflows	129,030	198,458	-35.0%	
<b>Net Position</b>				
Net Investment in				
Capital Assets	126,786	102,580	23.6%	
Restricted	43,749	105,339	-58.5%	
Unrestricted	(13,930)	(71,130)	-80.4%	
Total Net Position	\$ 156,605	\$ 136,789	14.5%	

**RACINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

(The calculation of net position uses a historical cost for land and school buildings that may not accurately reflect the current market value.)

**Change in Net Position**

Table 2, below, shows the changes in net position for the fiscal year ended June 30, 2023 with a comparison to the prior year.

<b>Table 2 Changes in Net Position (in thousands of dollars)</b>			
	Racine Unified School District		%
	2023	2022	Change 2022-2023
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 2,258	\$ 1,436	57.2%
Operating Grants and Contributions	100,334	85,625	17.2%
Capital Grants	-	16	0.0%
General Revenues			
Property Taxes	97,711	104,421	-6.4%
State Formula Aid	166,503	158,893	4.8%
Interest	5,294	120	4311.7%
Other	2,862	1,863	53.6%
Total Revenues	374,962	352,374	6.4%
<b>Expenses</b>			
Instruction	156,987	136,106	15.3%
Pupil and Instructional Services	57,254	40,306	42.0%
Administration and Business	76,456	72,036	6.1%
Central Services and Insurance	4,224	4,080	3.5%
Interest on Debt	5,570	2,543	119.0%
Nonprogram	50,440	47,524	6.1%
Community Services	4,215	3,003	40.4%
Total Expenses	355,146	305,598	16.2%
Change in Net Position	\$ 19,816	\$ 46,776	-136.1%

General revenues (all revenue except operating grants and contributions and charges for services) provide about 75% of the funding for governmental activities. Racine Unified School District relies on state general aid and property taxes for 45% and 30%, respectively, of its governmental activities.

**RACINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**Governmental Activities**

**Net Cost of Governmental Activities**

Table 3 reports the cost of seven major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). In all categories, program revenue did not keep pace with the increased cost of providing the service, thereby increasing reliance on general revenues.

	Total Cost of Services		Net Cost of Services		% Change
	2023	2022	2023	2022	2022-2023
Instruction	\$ 156,987	\$ 136,106	\$ 91,980	\$ 79,851	15.2%
Pupil and Instructional Services	57,254	40,306	44,248	25,868	71.1%
Administration and Business	76,456	72,036	54,754	57,655	-5.0%
Central Services and Insurance	4,224	4,080	3,838	3,600	6.6%
Interest on Debt	5,570	2,543	5,570	2,543	119.0%
Nonprogram	50,440	47,524	49,244	46,726	5.4%
Community Services	4,215	3,003	2,921	2,339	24.9%
Totals	\$ 355,146	\$ 305,598	\$ 252,555	\$ 218,582	15.5%

**Governmental Funds**

The District completed the year with a total governmental fund balance of \$270 million, an increase of \$165.8 million from the prior year.

- Total general fund revenue for the year was \$2,163,394 below budget largely due to decrease in donations and local or other sources.
- Total general fund program expenditures, including nonprogram transactions, was less than the budget by \$9 million. Savings in support services, instruction, and nonprogram expenditures.
- The final general fund budget forecasted a increase in general fund balance of \$8,824,178 while the actual results showed an increase of \$19,675,761.
- The debt service funds fund balance had a net increase of \$7,394,536. The debt service fund balance will fluctuate from year to year because the fund balance must be at least equal to the amount of debt payments that are scheduled prior to January 20th of the subsequent year. The typical debt service schedule for the District requires interest payments prior to January 20th with an additional interest payment and principal payment occurring in April of each year.
- For fiscal year 2022-2023, the capital projects funds fund balance increased by \$137,645,726 due to Long Term-Debt issued and increased expenditures for capital improvements.

**RACINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the 2023 fiscal year, the District had net capital assets of \$204.1 million in a broad range of capital assets, including buildings, sites, furniture, and equipment (see Table 4). Additional information about capital assets can be found in the notes to the financial statements.

<b>Table 4 Net Capital Assets (in thousands of dollars)</b>			
	Totals School District		%
	2023	2022	Change 2022-2023
Land	\$ 3,638	\$ 3,657	-0.5%
Work in Progress	9,787	1,472	564.9%
Site Improvements	31,767	32,153	-1.2%
Buildings	148,422	152,812	-2.9%
Machinery and Equipment	10,516	12,161	-13.5%
Total	\$ 204,130	\$ 202,255	0.9%

**Long-Term Debt and Other Obligations**

At year-end, the district had \$219.2 million in general obligation debt outstanding, an increase of \$186.0 million from last year. Additional information about the District's long-term liabilities is presented in the notes to the financial statements.

<b>Table 5 Outstanding Long-term Obligations (in thousands of dollars)</b>			
	Racine Unified School District		%
	2023	2022	Change 2022-2023
General Obligation Debt	\$ 198,625	\$ 94,390	110.4%
Premium on Debt	11,292	3,369	235.2%
Note Anticipation Notes	22,000	-	100.0%
Lease Liability - Financed Purchased	2,013	3,454	-41.7%
Other Postemployment Benefits	83,257	73,434	13.4%
Pension Benefits	47,523	4,166	1040.7%
Compensated Absences	621	556	11.7%
Total	\$ 365,331	\$ 179,369	103.7%

**RACINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

The District participates in the Wisconsin Retirement System (the WRS), a cost-sharing multiple employer pension plan, in addition to maintaining a separate supplemental pension plan. As a result, the District reports their proportionate share of the WRS net pension asset or liability. The WRS operates on a different fiscal year from the district; therefore, the pension information included in the district's annual financial report is derived from the WRS's year ended December 31, 2022. The district reported a net pension liability of \$43.7 million as of June 30, 2023.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jeffrey Serak, Chief Financial Officer, Racine Unified School District, 3109 Mount Pleasant St., Racine, WI 53404.

## **BASIC FINANCIAL STATEMENTS**



**RACINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 251,791,813
Receivables:	
Taxes	21,011,344
Accounts	578,295
Due from Other Governments	18,217,843
Prepaid Supplies and Prepaid Items	6,016,675
Capital Assets:	
Nondepreciable	13,425,704
Depreciable, Net	190,703,850
Total Assets	501,745,524
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Loss on Advance Refunding	799,725
Pension Related Amounts	158,971,174
Other Postemployment Related Amounts	18,547,336
Total Deferred Outflows of Resources	178,318,235
<b>LIABILITIES</b>	
Accounts Payable	14,460,928
Accrued and Other Current Liabilities	6,775,477
Accrued Interest Payable	1,513,454
Unearned Revenues	41,767
Deposits Payable	2,709,179
Health and Dental Claims Payable	3,596,826
Long-Term Obligations:	
Due in One Year	15,725,882
Due in More Than One Year	218,825,208
Other Postemployment Benefits Liability	83,256,550
Net Pension Liability, Due in One Year	270,000
Net Pension Liability	47,253,396
Total Liabilities	394,428,667
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related Amounts	92,856,295
Other Postemployment Related Amounts	36,174,287
Total Deferred Inflows of Resources	129,030,582
<b>NET POSITION</b>	
Net Investment in Capital Assets	126,786,036
Restricted:	
Debt Service	7,027,257
Private Gifts and Donations	1,848,072
Community Services	1,472,464
Food Service	6,558,801
Grant Expenditures	593,886
Self Insurance	1,000,000
Construction of Capital Assets	25,248,102
Unrestricted	(13,930,108)
Total Net Position	\$ 156,604,510

See accompanying Notes to Basic Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		Governmental Activities	
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction	\$ 156,987,154	\$ 1,392,083	\$ 63,615,436	\$ -	\$ (91,979,635)	
Support Services	137,932,717	512,371	34,580,650	-	(102,839,696)	
Community Services	4,215,487	353,324	941,319	-	(2,920,844)	
Nonprogram	50,440,181	-	1,196,185	-	(49,243,996)	
Interest and Fiscal Charges	5,570,240	-	-	-	(5,570,240)	
Total Governmental Activities	\$ 355,145,779	\$ 2,257,778	\$ 100,333,590	\$ -	(252,554,411)	
<b>GENERAL REVENUES</b>						
					97,711,243	
					166,503,132	
					5,293,819	
					155,400	
					2,707,291	
					272,370,885	
<b>CHANGE IN NET POSITION</b>						
					19,816,474	
					136,788,036	
<b>NET POSITION - END OF YEAR</b>						
					\$ 156,604,510	

See accompanying Notes to Basic Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT  
BALANCE SHEET — GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General	Capital Projects	Debt Service	Other Governmental Funds	Totals
<b>ASSETS</b>					
Cash and Investments	\$ 75,124,537	\$ 165,909,919	\$ 8,798,842	\$ 1,958,515	\$ 251,791,813
Receivables:					
Taxes	21,011,344	-	-	-	21,011,344
Accounts	551,412	-	-	26,883	578,295
Due from Other Funds	62,504	2,725,467	-	7,110,930	9,898,901
Due from Other Governments	16,027,667	-	-	2,190,176	18,217,843
Prepaid Supplies and Prepaid Items	6,004,219	-	-	12,456	6,016,675
Total Assets	<u>\$ 118,781,683</u>	<u>\$ 168,635,386</u>	<u>\$ 8,798,842</u>	<u>\$ 11,298,960</u>	<u>\$ 307,514,871</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 9,379,137	\$ 3,750,342	\$ -	\$ 1,331,449	\$ 14,460,928
Accrued and Other Current Liabilities	6,775,477	-	-	-	6,775,477
Due to Other Funds	8,267,323	1,339,496	258,131	33,951	9,898,901
Unearned Revenues	-	-	-	41,767	41,767
Deposits Payable	2,709,179	-	-	-	2,709,179
Health and Dental Claims Payable	3,596,826	-	-	-	3,596,826
Total Liabilities	<u>30,727,942</u>	<u>5,089,838</u>	<u>258,131</u>	<u>1,407,167</u>	<u>37,483,078</u>
<b>FUND BALANCES</b>					
Nonspendable	6,004,219	-	-	12,456	6,016,675
Restricted	1,593,889	158,545,548	8,540,711	9,879,337	178,559,485
Assigned	15,862,970	5,000,000	-	-	20,862,970
Unassigned	64,592,663	-	-	-	64,592,663
Total Fund Balances	<u>88,053,741</u>	<u>163,545,548</u>	<u>8,540,711</u>	<u>9,891,793</u>	<u>270,031,793</u>
Total Liabilities and Fund Balances	<u>\$ 118,781,683</u>	<u>\$ 168,635,386</u>	<u>\$ 8,798,842</u>	<u>\$ 11,298,960</u>	<u>\$ 307,514,871</u>

See accompanying Notes to Basic Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2023**

**Reconciliation to the Statement of Net Position**

Total fund balances as shown on previous page \$ 270,031,793

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 204,129,554

Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.

Loss on Advance Refunding	799,725
Deferred Outflows Related to Pensions	158,971,174
Deferred Inflows Related to Pensions	(92,856,295)
Deferred Outflows Related to Other Postemployment Benefits	18,547,336
Deferred Inflows Related to Other Postemployment Benefits	(36,174,287)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and Notes Payable	(220,625,000)
Debt Premium	(11,292,219)
Financed Purchases Payable	(2,012,570)
Compensated Absences	(621,301)
Other Postemployment Benefits Liability	(83,256,550)
Net Pension Liability	(47,523,396)
Accrued Interest on Long-Term Obligations	(1,513,454)
	(1,513,454)

**Net Position of Governmental Activities as Reported on the Statement of Net Position \$ 156,604,510**

**RACINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

	General	Capital Projects	Debt Service	Other Governmental Funds	Totals
<b>REVENUES</b>					
Property Taxes	\$ 78,147,652	\$ -	\$ 13,651,728	\$ 5,911,863	\$ 97,711,243
Other Local Sources	3,370,696	1,815,558	781,413	2,075,814	8,043,481
Interdistrict Sources	339,221	-	-	-	339,221
Intermediate Sources	74,772	-	-	-	74,772
State Sources	201,619,951	-	-	118,241	201,738,192
Federal Sources	52,899,452	-	-	11,547,428	64,446,880
Other Sources	1,637,646	751,271	44,964	24,578	2,458,459
Total Revenues	<u>338,089,390</u>	<u>2,566,829</u>	<u>14,478,105</u>	<u>19,677,924</u>	<u>374,812,248</u>
<b>EXPENDITURES</b>					
Instruction:					
Regular Instruction	94,223,776	-	-	227,981	94,451,757
Vocational Instruction	5,904,103	-	-	22,667	5,926,770
Special Education Instruction	38,248,440	-	-	-	38,248,440
Other Instruction	8,485,784	-	-	767,162	9,252,946
Total Instruction	<u>146,862,103</u>	<u>-</u>	<u>-</u>	<u>1,017,810</u>	<u>147,879,913</u>
Support Services:					
Pupil Services	19,753,153	-	-	122,736	19,875,889
Instructional Staff Services	23,652,872	-	-	34,086	23,686,958
General Administration Services	3,591,564	-	-	264,895	3,856,459
School Administration Services	13,907,876	-	-	262,777	14,170,653
Business Services	2,881,834	-	-	46,472	2,928,306
Operation and Maintenance of Plant	27,048,459	10,526,103	-	1,723,555	39,298,117
Pupil Transportation Services	10,481,452	-	-	118,252	10,599,704
Food Services	-	-	-	8,782,883	8,782,883
Central Services	3,570,037	-	-	5,936	3,575,973
Insurance	870,120	-	-	41,470	911,590
Other Support Services	7,345,544	-	-	4,431	7,349,975
Total Support Services	<u>113,102,911</u>	<u>10,526,103</u>	<u>-</u>	<u>11,407,493</u>	<u>135,036,507</u>
Debt Service:					
Principal	1,442,067	-	13,195,000	-	14,637,067
Interest and Fiscal Charges	73,254	-	5,156,941	-	5,230,195
Total Debt Service	<u>1,515,321</u>	<u>-</u>	<u>18,351,941</u>	<u>-</u>	<u>19,867,262</u>
Community Service	-	-	-	4,109,004	4,109,004
Nonprogram:					
General Tuition Payments	17,970,773	-	-	-	17,970,773
Special Education Tuition Payments	2,202,640	-	-	-	2,202,640
Adjustments and Refunds	28,719	-	-	60,000	88,719
Voucher Payments	30,094,168	-	-	-	30,094,168
Post-Secondary Scholarship Expenditures	-	-	-	56,089	56,089
Revenue Transits to Others	27,792	-	-	-	27,792
Total Nonprogram	<u>50,324,092</u>	<u>-</u>	<u>-</u>	<u>116,089</u>	<u>50,440,181</u>
Total Expenditures	<u>311,804,427</u>	<u>10,526,103</u>	<u>18,351,941</u>	<u>16,650,396</u>	<u>357,332,867</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	26,284,963	(7,959,274)	(3,873,836)	3,027,528	17,479,381

See accompanying Notes to Basic Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

	General	Capital Projects	Debt Service	Other Governmental Funds	Totals
<b>OTHER FINANCING SOURCES (USES)</b>					
Long-Term Debt Issued	\$ -	\$ 144,910,000	\$ 89,520,000	\$ -	\$ 234,430,000
Premium on Debt Issued	-	-	8,649,244	-	8,649,244
Payment to Current Bondholder	-	-	(95,000,000)	-	(95,000,000)
Proceeds from Sale of Capital Assets	4,301	195,000	-	-	199,301
Transfers In	177,275	500,000	8,099,128	-	8,776,403
Transfers Out	(6,790,778)	-	-	(1,985,625)	(8,776,403)
Total Other Financing Sources (Uses)	<u>(6,609,202)</u>	<u>145,605,000</u>	<u>11,268,372</u>	<u>(1,985,625)</u>	<u>148,278,545</u>
<b>NET CHANGE IN FUND BALANCES</b>	19,675,761	137,645,726	7,394,536	1,041,903	165,757,926
Fund Balances - Beginning of Year	<u>68,377,980</u>	<u>25,899,822</u>	<u>1,146,175</u>	<u>8,849,890</u>	<u>104,273,867</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 88,053,741</u>	<u>\$ 163,545,548</u>	<u>\$ 8,540,711</u>	<u>\$ 9,891,793</u>	<u>\$ 270,031,793</u>

See accompanying Notes to Basic Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

**Reconciliation to the Statement of Activities**

Net change in fund balances as shown on previous page \$ 165,757,926

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets Reported as Capital Outlay Reported in Governmental Fund Statements	10,889,556
Depreciation and Amortization Expense Reported in the Statement of Activities	(8,970,633)
Net Book Value of Disposals	(43,901)

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

Long-Term Debt Issued	(234,430,000)
Premium on Debt Issued	(8,565,126)
Principal Repaid	13,195,000
Principal Paid on Financed Purchases Payable	1,442,067

Some expenses reported 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:

Accrued Interest on Long-Term Debt	(995,791)
Amortization of Premiums, Discounts and Loss on Advance Refunding	571,628
Compensated Absences	(65,286)
Net Pension Asset	(68,630,205)
Net Pension Liability	(43,357,808)
Deferred Outflows of Resources Related to Pensions	29,658,184
Deferred Inflows of Resources Related to Pensions	69,961,580
Other Postemployment Benefits	(9,822,914)
Deferred Outflows of Resources Related to Other Postemployment Benefits	8,756,022
Deferred Inflows of Resources Related to Other Postemployment Benefits	(533,825)

<b>Change in Net Position of Governmental Activities as Reported in the Statement of Activities</b>	<b><u>\$ 19,816,474</u></b>
---	-----------------------------

**RACINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION — FIDUCIARY FUNDS  
JUNE 30, 2023**

	Employee Benefit Trust	<u>Custodial</u> <u>Pupil Activity</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and Investments	\$ 6,133,742	\$ 52,680	\$ 6,186,422
Accounts Receivable	4,767,657	-	4,767,657
Total Assets	<u>10,901,399</u>	<u>52,680</u>	<u>10,954,079</u>
<b>NET POSITION</b>			
Restricted Individuals and Organizations	<u>\$ 10,901,399</u>	<u>\$ 52,680</u>	<u>\$ 10,954,079</u>

See accompanying Notes to Basic Financial Statements.



**RACINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION — FIDUCIARY FUNDS  
JUNE 30, 2023**

	Employee Benefit Trust	Custodial Pupil Activity	Totals
<b>ADDITIONS</b>			
Other Local Sources	\$ -	\$ 25,488	\$ 25,488
Employer Contributions	4,645,195	-	4,645,195
Investment Earnings	218,910	-	218,910
Other Miscellaneous Revenue	-	1,135	1,135
Total Additions	<u>4,864,105</u>	<u>26,623</u>	<u>4,890,728</u>
<b>DEDUCTIONS</b>			
Trust Fund Disbursements	4,405,987	-	4,405,987
Administrative Expenditures	11,895	-	11,895
Dues and Fees	-	523	523
Custodial Expenditures	-	23,982	23,982
Adjustments and Refunds	-	2,220	2,220
Total Deductions	<u>4,417,882</u>	<u>26,725</u>	<u>4,444,607</u>
<b>CHANGE IN NET POSITION</b>	446,223	(102)	446,121
Net Position - Beginning of Year	<u>10,455,176</u>	<u>52,782</u>	<u>10,507,958</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 10,901,399</u>	<u>\$ 52,680</u>	<u>\$ 10,954,079</u>

See accompanying Notes to Basic Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Racine Unified School District, Racine, Wisconsin (the District), have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

**A. Reporting Entity**

The District is organized as a unified school district. The District, governed by an elected nine member board, operates grades K through 12 and is comprised of all or parts of ten taxing districts. In accordance with U.S. GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

**B. District-Wide and Fund Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are primarily supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

**General Fund**

This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. District-Wide and Fund Financial Statements (Continued)**

**Capital Projects Fund**

This fund accounts for the acquisition or construction of major capital facilities.

**Debt Service Fund**

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the District.

Additionally, the District reports the following fiduciary fund types:

- The *employee benefit trust fund* is used to account for resources legally held in trust for other postemployment benefits.
- The District accounts for assets held as an agent for various student and parent organizations in a *custodial fund*.

**C. Measurement Focus and Basis of Accounting**

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance**

**1. Cash and Investments**

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

**2. Property Taxes**

The aggregate District tax levy is apportioned and certified in November of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes must be paid in full or in two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for nonpayment of a scheduled installment, and full receipt of the entire levy is assured within 60 days of fiscal year-end, meeting the availability criteria necessary for property tax revenue recognition by U.S. GAAP.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**3. Accounts Receivable**

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

**4. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” and “due to other funds” in the fund financial statements.

**5. Prepaid Supplies and Prepaid Items**

Prepaid Supplies are recorded at cost, which approximates market, using the first-in, first-out method. Prepaid supplies consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual prepaid supplies items are consumed rather than when purchased. Prepaid items are payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the periods benefited.

Prepaid supplies and prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**6. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**6. Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities In Years
Site Improvements	20
Buildings	50
Machinery and Equipment	3 to 20

**7. Compensated Absences**

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the district-wide financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

**8. Deferred Outflows/Inflows of Resources**

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

**9. Long-Term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**9. Long-Term Obligations (Continued)**

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**10. Leases**

**Lessee:**

The District is a lessee for various equipment, vehicles and building space. The District recognizes a lease liability – finance purchase and a capital asset or recognizes a lease liability – right to use and an intangible right-to use lease asset in the district-wide financial statements based on the criteria dictated in GASB Statement No. 87, *Leases*.

At the commencement of a lease, the District determines based on the criteria dictated in GASB Statement No. 87, *Leases*, if the lease is a financed purchased or a right to use lease liability. Then the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

A finance purchased asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The asset is depreciated on a straight line basis over the life of the lease which is considered the asset's useful life. The asset is reported with the District capital assets as land, land improvements, buildings and improvements or furniture and equipment.

An intangible right-to use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to-use lease asset is amortized on a straight line basis over the life of the lease. The intangible right-to-use lease asset is reported with the District capital assets in its own category called Leased Assets (Right to Use). Currently, the District does not have any right-to-use leased assets.

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**10. Leases (Continued)**

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The District accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

The District monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease.

**11. Pensions**

**Wisconsin Retirement System**

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,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from 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.



**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**11. Pensions (Continued)**

**Supplemental Pension Plan**

Qualifying teachers and administrators are provided with a supplemental pension. The supplemental pension is a single employer defined benefit plan administered by the District. For purposes of measuring the supplemental pension liability, related deferred outflows and inflows and pension expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

**12. Other Postemployment Benefits Other Than Pensions (OPEB)**

**Defined Benefit Plan**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Postemployment Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at amortized cost.

**Local Retiree Life Insurance Fund**

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, 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 member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**13. Fund Equity**

**Governmental Fund Financial Statements**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned Fund Balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)**

**13. Fund Equity (Continued)**

**District-Wide Statements**

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

- **Net Investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation or amortization, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted Net Position.** Amount of net position that is subject to restrictions that are imposed 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.
- **Unrestricted Net Position.** Net position that is neither classified as restricted nor as net investment in capital assets.

**E. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The debt service funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the custodial fund uses separate and distinct accounts. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

The carrying amount of the District's cash and investments totaled \$257,978,235 on June 30, 2023 as summarized below:

Petty Cash and Cash on Hand	\$ 3,850
Deposits with Financial Institutions	17,735,219
Investments:	
BMO Investment Series	4,089,794
Wisconsin Investment Series Cooperative (WISC)	235,836,383
Wisconsin Local Government Investment Pool	312,989
Total	<u>\$ 257,978,235</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 251,791,813
Fiduciary Fund Statement of Net Position:	
Employee Benefit Trust	6,133,742
Pupil Activity Custodial Fund	52,680
Total	<u>\$ 257,978,235</u>

**Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. 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 observable inputs; Level 3 inputs are significant unobservable inputs.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Fair Value Measurements (Continued)**

The District has the following fair value measurements as of June 30, 2023:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Corporate Bonds	\$ -	\$ 2,846,395	\$ -
WISC Investments:	-	-	-
U.S. Treasuries	64,842,835	-	-
FHLB	-	20,009,725	-
	<u>\$ 64,842,835</u>	<u>\$ 22,856,120</u>	<u>\$ -</u>

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the District's deposits and investments and the related risks.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of June 30, 2023, \$9,881,940 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. This was collateralized with securities held by a safekeeping agent but not in the District's name.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Exempt from Disclosure</u>	<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Corporate Bonds	\$ 2,846,395	\$ -	\$ 2,846,395	\$ -	\$ -
WISC Investments:					
U.S. Treasuries	64,842,835	64,842,835	-	-	-
Cash Management Series	22,155,821	-	22,155,821	-	-
Investment Series	128,828,001	-	128,828,001	-	-
FHLB	20,009,725	-	-	-	20,009,725
Wisconsin Local Government					
Investment Pool	312,989	-	-	-	312,989
Totals	<u>\$ 238,995,766</u>	<u>\$ 64,842,835</u>	<u>\$ 153,830,217</u>	<u>\$ -</u>	<u>\$ 20,322,714</u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Corporate Bonds	\$ 2,846,395	\$ 2,846,395	\$ -	\$ -	\$ -
WISC Investments:					
U.S. Treasuries	64,842,835	59,019,364	5,823,471		
Cash Management Series	22,155,821	22,155,821	-	-	-
Investment Series	128,828,001	128,828,001	-	-	-
FHLB	20,009,725	20,009,725			
Wisconsin Local Government Investment Pool	312,989	312,989	-	-	-
Totals	<u>\$ 238,995,766</u>	<u>\$ 233,172,295</u>	<u>\$ 5,823,471</u>	<u>\$ -</u>	<u>\$ -</u>

**Investment in Wisconsin Investment Series Cooperation**

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$235,836,383 at year-end consisting of \$22,155,821 invested in the Cash Management Series, \$128,282,001 invested in the Investment Series, and \$84,852,560 in DTC Fixed Income Securities. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is ninety (90) days or less. The Investment Series requires a 14 day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is one hundred twenty (120) days or less. The Investment Series and Cash Management Series have received a credit rating of AAA by a nationally recognized statistical rating organization.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin International Cooperate Statute, Wisconsin Statute, Section 66.031. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Investment in Wisconsin Local Government Investment Pool**

The District has investments in the Wisconsin Local Government Investment Pool (LGIP) of \$312,989 at year-end. The 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 June 30, 2023, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a national recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The District does not have an additional credit risk policy. The District's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2023, the Wisconsin local government investment pool had a weighted average maturity of 28 days.



**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Nondepreciable:				
Land	\$ 3,657,441	\$ -	\$ 19,101	\$ 3,638,340
Construction in Progress	1,471,712	9,518,838	1,203,186	9,787,364
Total Capital Assets, Nondepreciable	<u>5,129,153</u>	<u>9,518,838</u>	<u>1,222,287</u>	<u>13,425,704</u>
Capital Assets, Depreciable:				
Site Improvements	42,619,043	1,429,631	-	44,048,674
Buildings	232,357,863	-	-	232,357,863
Machinery and Equipment	36,991,515	1,144,273	195,286	37,940,502
Subtotals	<u>311,968,421</u>	<u>2,573,904</u>	<u>195,286</u>	<u>314,347,039</u>
Less Accumulated Depreciation for:				
Site Improvements	10,466,537	1,815,868	-	12,282,405
Buildings	79,545,739	4,390,702	-	83,936,441
Machinery and Equipment	24,830,766	2,764,063	170,486	27,424,343
Subtotals	<u>114,843,042</u>	<u>8,970,633</u>	<u>170,486</u>	<u>123,643,189</u>
Total Capital Assets, Depreciable, Net	<u>197,125,379</u>	<u>(6,396,729)</u>	<u>24,800</u>	<u>190,703,850</u>
Governmental Activities Capital Assets, Net	<u>\$ 202,254,532</u>	<u>\$ 3,122,109</u>	<u>\$ 1,247,087</u>	204,129,554
Less: Capital Related Debt				64,838,454
Less: Financed Purchased Payable				2,012,570
Less: Debt Premium				11,292,219
Add: Deferred Charge on Refunding				<u>(799,725)</u>
Net Investment in Capital Assets				<u>\$ 126,786,036</u>

Depreciation and Amortization expense was charged to functions of the District as follows:

<b>Governmental Activities:</b>	
Instruction:	
Regular Instruction	\$ 14,023
Vocational Instruction	65,610
Special Education Instruction	5,904
Co-Curricular Activities	26,489
Support Services:	
Pupil Services	3,463
School Administration Services	19,982
Operation and Maintenance of Plant	6,865,139
Pupil Transportation	26,900
Food Service	195,987
Central Services	1,129,714
Other Support Services	<u>617,422</u>
Total Depreciation and Amortization Expense - Governmental Activities	<u>\$ 8,970,633</u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Interfund Receivables, Payables, and Transfers**

Interfund receivables and payables between individual funds of the District, as reported in the fund financial statements, as of June 30, 2023 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Pooled Cash:		
Governmental Funds:		
General	\$ 62,504	\$ 8,267,323
Capital Projects	2,725,467	1,339,496
Other Governmental Funds:		
Nonreferendum Debt Service	-	258,131
Donations	1,601,550	-
Community Service	908,386	-
Food Service	4,600,994	33,951
Totals	<u>\$ 9,898,901</u>	<u>\$ 9,898,901</u>

Interfund transfers for the year ended June 30, 2023 were as follows:

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 177,275	\$ 6,790,778
Capital Projects	500,000	-
Other Governmental Funds		
Nonreferendum Debt Service	8,099,128	-
Special Projects	-	66,426
Community Service	-	1,919,199
Total	<u>\$ 8,776,403</u>	<u>\$ 8,776,403</u>

Interfund transfers were made for the following purposes:

Debt Service Payments	\$ 8,099,128
Indirect Costs	177,275
Future Capital Expenditures	500,000
Total	<u>\$ 8,776,403</u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations**

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2023:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Debt:					
Bonds	\$ 78,800,000	\$ 89,520,000	\$ 9,495,000	\$ 158,825,000	\$ 11,470,000
Notes	15,590,000	27,910,000	3,700,000	39,800,000	1,800,000
Total General Obligation Debt	94,390,000	117,430,000	13,195,000	198,625,000	13,270,000
Debt Premium	3,369,053	8,565,126	641,960	11,292,219	960,646
Note Anticipation Notes	-	117,000,000	95,000,000	22,000,000	-
Financed Purchases Payable	3,454,637	-	1,442,067	2,012,570	1,402,041
Compensated Absences	556,015	65,286	-	621,301	93,195
Governmental Activities Long-Term Obligations	<u>\$ 101,769,705</u>	<u>\$ 243,060,412</u>	<u>\$ 110,279,027</u>	<u>\$ 234,551,090</u>	<u>\$ 15,725,882</u>

Total interest paid during the year on long-term debt totaled \$2,590,771.

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

**General Obligation Debt**

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/23
General Obligation Bonds:					
Refunding Bonds	06/10/13	04/01/27	3.375%	\$ 2,020,000	\$ 730,000
Refunding Bonds	04/06/15	04/01/24	2.00 - 3.00%	8,980,000	2,020,000
School Building & Improvement	07/07/15	04/01/29	2.75%	9,700,000	9,700,000
School Building & Improvement	01/05/16	04/01/27	0.05 - 3.00%	28,090,000	7,405,000
School Building & Improvement	05/15/17	04/01/34	2.00 - 3.00%	8,000,000	5,310,000
School Building & Improvement	01/08/18	04/01/37	3.125 - 5.00%	14,600,000	640,000
School Building & Improvement	03/26/18	04/01/37	3.00 - 5.00%	29,925,000	18,925,000
Refunding Bonds	02/16/21	04/01/31	1.00 - 3.00%	14,375,000	12,575,000
Refunding Bonds	10/19/20	04/01/37	0.60 - 2.22%	12,570,000	12,000,000
Refunding Bonds	04/05/23	04/01/43	4.375 - 5.00%	89,520,000	89,520,000
Subtotal					<u>158,825,000</u>
General Obligation Notes:					
Promissory Notes	10/19/20	04/01/29	2.00%	16,500,000	11,890,000
Promissory Notes	04/05/23	04/02/33	4.00 - 5.00%	27,910,000	27,910,000
Subtotal					<u>39,800,000</u>
Total Outstanding General Obligation Debt					<u>\$ 198,625,000</u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

**General Obligation Debt**

Annual principal and interest maturities of the outstanding general obligation debt of \$198,625,000 on June 30, 2023 are detailed below:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 13,270,000	\$ 7,712,834	\$ 20,982,834
2025	11,965,000	7,403,256	19,368,256
2026	10,510,000	7,078,278	17,588,278
2027	11,075,000	6,853,674	17,928,674
2028	8,400,000	6,504,526	14,904,526
2029-2033	46,660,000	27,960,192	74,620,192
2034-2038	46,430,000	18,739,041	65,169,041
2039-2043	50,315,000	7,449,219	57,764,219
Total	<u>\$ 198,625,000</u>	<u>\$ 89,701,020</u>	<u>\$ 288,326,020</u>

**Legal Margin for New Debt**

The District's legal margin for creation of additional general obligation debt on June 30, 2023 was \$1,179,769,510 as follows:

Equalized Valuation of the District	\$ 13,783,945,100
Statutory Limitation Percentage	(x) 10%
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	<u>1,378,394,510</u>
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>198,625,000</u>
Legal Margin for New Debt	<u>\$ 1,179,769,510</u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Leases**

**Financed Purchases Payable**

The District is required to make various monthly principal and interest payments. These leases have an interest rate of 2.25% to 2.50%. The machinery and equipment will have estimated useful lives of 3 to 5. No down payments were required for these lease agreements. The financed purchase leases expire at various dates through 2025.

These lease agreements qualify as a financed purchase for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the date of their inception. The assets acquired through financed purchase leases are as follows:

	Governmental Activities
Assets:	
Furniture and Equipment	\$ 9,426,632
Less: Accumulated Depreciation	<u>(7,286,540)</u>
Total	<u><u>\$ 2,140,092</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 were as follows:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 1,402,041	\$ 36,507	\$ 1,438,548
2025	610,529	4,528	615,057
Total	<u><u>\$ 2,012,570</u></u>	<u><u>\$ 41,035</u></u>	<u><u>\$ 2,053,605</u></u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plans**

The District reports pension related balances as of and for the year ended June 30, 2023, as summarized below:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Expense (Revenue)
Wisconsin Retirement System (WRS)	\$ 43,697,509	\$ 158,551,843	\$ 91,592,366	\$ 22,346,788
Supplemental or Stipend Pension Plan	3,825,887	419,331	1,263,929	176,480
Total Pension Liability	<u>\$ 47,523,396</u>	<u>\$ 158,971,174</u>	<u>\$ 92,856,295</u>	<u>\$ 22,523,268</u>

**1. WRS Pension 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 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues 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>.

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

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.

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

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plans (Continued)**

**1. WRS Pension Plan Description (Continued)**

Final average earnings is the average of the participant's three highest annual earnings periods. 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 or after 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.

**Postretirement 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:

<u>Year Ending June 30,</u>	<u>Core Fund Adjustment Percent</u>	<u>Variable Fund Adjustment Percent</u>
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	-	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plans (Continued)**

**1. WRS Pension Plan Description (Continued)**

**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 executives 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.

During the year ending June 30, 2023, the WRS recognized \$10,073,936 in contributions from the District.

Contribution rates for the reporting period are:

Employee Category	Employee	Employer
General (Including Teachers, Executives and Elected Officials)	6.80 %	6.80 %

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

At June 30, 2023, the District reported a liability of \$43,697,509 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 liability 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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.82483867%, which was a decrease of 0.02663327% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$22,346,788.



**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plans (Continued)**

**1. WRS Pension Plan Description (Continued)**

**Pension Assets, Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 69,596,592	\$ 91,434,296
Net Differences Between Projected and Actual		
Earnings on Pension Plan Investments	74,231,977	-
Changes in Assumptions	8,592,739	-
Changes in Proportion and Differences Between		
Employer Contributions and Proportionate Share		
of Contributions	671,466	158,070
Employer Contributions Subsequent to the		
Measurement Date	5,459,069	-
Total	<u>\$ 158,551,843</u>	<u>\$ 91,592,366</u>

\$5,459,069 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 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:

<u>Year Ended June 30,</u>	<u>Expense</u>
2024	\$ 2,617,678
2025	12,777,453
2026	13,136,427
2026	32,968,850
Total	<u>\$ 61,500,408</u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plans (Continued)**

**1. WRS Pension Plan Description (Continued)**

**Actuarial Assumptions**

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

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	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 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
Postretirement Adjustments*	1.7%

\* *No postretirement 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 postretirement discount rate.*

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

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plans (Continued)**

**1. WRS Pension Plan Description (Continued)**

**Actuarial Assumptions (Continued)**

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
<b>Core Fund Asset Class</b>			
Public Equity	48.0 %	7.6 %	5.0 %
Public Fixed Income	25.0	5.3	2.7
Inflation Sensitive Assets	19.0	3.6	1.1
Real Estate	8.0	5.2	2.6
Private Equity/Debt	15.0	9.6	6.9
Cash	(15.0)	N/A	N/A
Total Core Fund	100.0 %	7.4 %	4.8 %
<b>Variable Fund Asset Class</b>			
U.S. Equities	70.0 %	7.5 %	4.6 %
International Equities	30.0	8.1	5.5
Total Variable Fund	100.0 %	7.7 %	5.1 %

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

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

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%.

**Single Discount Rate.** A single discount rate of 6.80% was used to measure the total pension liability. This single discount rate is 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 members 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.

**RACINE UNIFIED SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plans (Continued)**

**1. WRS Pension Plan Description (Continued)**

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 District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.** The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, as well as what the District’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 (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
District’s Proportionate Share of the Net Pension Liability (Asset)	\$ 145,030,608	\$ 43,697,509	\$ (26,010,972)

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**Payable to the Pension Plan**

The District reported a payable of \$4,165,588 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2023.

**2. Supplemental or Stipend Pension Plan**

**Pension Description**

The plan, a single-employer pension plan, is a defined pension plan established to provide benefits after early retirement. The plan is administered by the District. The plan does not issue separate financial statements.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plans (Continued)**

**2. Supplemental or Stipend Pension Plan (Continued)**

**Benefits Provided**

A summary of eligibility requirements and plan benefits follows:

Administrators who retire from the district after attaining age 55 and completing 10 years of service with the District or age 62 and five years of service, are eligible to receive a monthly benefit equal to the WRS pension, unreduced for early retirement,

minus the WRS pension as reduced for early retirement. The benefit is paid in the form of ten year certain annuity for the life of the employee.

Clerical employees hired prior to July 1, 2014 who retired after attaining age 58 and completing 25 years of service are eligible to receive a benefit equal to 50% of the unemployment compensation rate in effect at retirement for 26 weeks.

**Employees Covered by Benefit Terms**

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	52
Active Employees	247
Total	299

**Funding Policy**

The entire cost of these benefits is paid by the District. Benefits are currently funded on a pay-as-you-go basis and no assets exist to prefund retiree benefits.

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

Component	Amount
Total Pension Liability at July 1, 2022	\$ 4,165,588
Changes for the Year:	
Service Cost	146,387
Interest	144,043
Benefit Payments	(193,146)
Effective of Assumption Changes	(42,124)
Differences Between Expected and Actual Experience	(394,861)
Net Changes	(339,701)
Total Pension Liability at June 30, 2023	\$ 3,825,887

For the year ended June 30, 2023, the District recognized pension expense \$176,480.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plans (Continued)**

**2. Supplemental or Stipend Pension Plan (Continued)**

**Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 26,056	\$ 584,085
Changes in Assumptions	393,275	679,844
Total	\$ 419,331	\$ 1,263,929

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in other postemployment benefits expense as follows:

Year Ended June 30,	Expense
2024	\$ (113,950)
2025	(113,950)
2026	(113,950)
2027	(113,950)
2028	(113,954)
Thereafter	(274,844)
Total	\$ (844,598)

**Actuarial Assumptions**

The District's total pension liability was determined by an actuarial valuation as of June 30, 2023 and rolled forward to a measurement date of June 30, 2023.

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry age normal
Amortization Method	Straight Line
Actuarial Assumptions:	
Discount Rate	3.65%
Inflation	2.25%

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Pension Plans (Continued)**

**2. Supplemental or Stipend Pension Plan (Continued)**

**Actuarial Assumptions (Continued)**

**Single Discount Rate.** A single discount rate of 3.65% was used to measure the total pension liability. This single discount rate was based on the 20-year tax exempt AA muni bond rates.

**Sensitivity of the District's Total Pension Liability to Changes in the Discount Rate.** The following presents the District's total pension liability at June 30, 2023 calculated using the discount rate of 3.65%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65 %) than the current rate.

	1% Decrease to Discount Rate (2.65%)	Current Discount Rate (3.65%)	1% Increase to Discount Rate (4.65%)
Total Pension Liability	\$ 4,241,072	\$ 3,825,887	\$ 3,477,454

**Payable to the Supplemental Pension Plan**

At June 30, 2023, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2023.

**G. Other Postemployment Benefits**

The District reports OPEB related balances as of and for the year ended June 30, 2023 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Expense
Local Retiree Life Insurance Fund (LRLIF)	\$ 6,897,009	\$ 2,607,362	\$ 5,330,233	\$ 529,769
Single-Employer Defined OPEB Plan	76,359,541	15,939,974	30,844,054	4,645,195
Total OPEB Liability	\$ 83,256,550	\$ 18,547,336	\$ 36,174,287	\$ 5,174,964

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**1. Single-Employer Defined Postemployment Benefit Plan**

**Plan Description**

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

Teachers	Age 55 and 15 years of service
Administrators	Age 55 and 10 years of service; Age 62 and 5 years of service
Building Service	Age 55 and 25 years of service; Age 58 and 25 years of service
Clerical	Age 58 and 30 years of service; Age 60 and 25 years of service or Age 62
Educational Assistants	Age 58 and 30 years of service; Age 60 and 25 years of service or Age 62 and 20 years of service

**Benefits Provided**

The District provides medical (including prescription drugs) and dental coverage for retired employees through the District's self-insured plans.

**Employees Covered by Benefit Terms**

At June 30, 2023 the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	232
Active Employees	<u>2,283</u>
Total	<u><u>2,515</u></u>

**Contributions**

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of insurance premiums based on the employee group and their retirement date. District paid medical and dental benefits are paid until the retiree or surviving spouse becomes eligible for Medicare.

**Net OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023.



**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**1. Single-Employer Defined Postemployment Benefit Plan (Continued)**

**Net OPEB Liability (Continued)**

**Actuarial Assumptions.** The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.25%
Salary Increases:	2.0% per year
Investment Rate of Return:	3.65%
Healthcare Cost Trend Rates:	Level at 7.2%
Dental Cost Trend Rates:	Level at 1.3%

Mortality rates are a blend of those from the Wisconsin Retirement System Experience Study Report for Public Schools dated November 19, 2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the Wisconsin Retirement System Experience Study Report for Public Schools dated November 19, 2021.

The long-term expected rate of return on OPEB plan investments was valued at 3.65%. A blend of expected earnings on District funds and the current yield for 20 year tax-exempt AA Municipal bond rate or higher as of the measurement date was used for all years of benefit payments.

**Discount Rate.** The discount rate used to measure the total OPEB liability was 3.65%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**1. Single-Employer Defined Postemployment Benefit Plan (Continued)**

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at July 1, 2022	\$ 73,000,493	\$ 10,455,176	\$ 62,545,317
Changes for the Year:			
Service Cost	4,881,033	-	4,881,033
Interest	2,512,683	-	2,512,683
Contributions - Employer	-	4,268,779	(4,268,779)
Net Investment Income	-	218,910	(218,910)
Benefit Payments	(4,041,465)	(4,041,465)	-
Effective of Assumption Changes	2,336,753	-	2,336,753
Effective of Plan Changes	-	-	-
Administrative Costs	-	-	-
Difference Between Expected and Actual Experience	8,571,444	-	8,571,444
Net Changes	<u>14,260,448</u>	<u>446,224</u>	<u>13,814,224</u>
Balance at June 30, 2023	<u>\$ 87,260,941</u>	<u>\$ 10,901,400</u>	<u>\$ 76,359,541</u>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.** The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease to Discount Rate (2.65%)	Current Discount Rate (3.65%)	1% Increase to Discount Rate (4.65%)
Net OPEB Liability	\$ 84,025,373	\$ 76,359,541	\$ 69,336,320

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**1. Single-Employer Defined Postemployment Benefit Plan (Continued)**

**Changes in the Net OPEB Liability (Continued)**

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Net OPEB Liability	\$ 66,596,153	\$ 76,359,541	\$ 87,948,489

OPEB plan fiduciary net position. Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements. Plan fiduciary net position was 12.49% of the total OPEB liability.

**Investments.** The Plan does not have a separate investment policy from the District. At June 30, 2023, the Plan had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Plan investments. The Plan's investments at June 30, 2023 are entirely in cash, certificates of deposit and in short-term investments in the Wisconsin Investment Series Cooperative. The asset allocation policy is to invest entirely in cash and short-term investments. The investment in the Wisconsin Investment Series Cooperative has an expected rate of return of approximately 3.54%. For the year ended June 30, 2023, the annual money-weighted rate of return, net of investment expenses, was 0.27%, and this is assumed to be the best estimate of the long-term arithmetic rate of return for the Plan's investments.

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$4,645,195. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 7,980,309	\$ 8,070,719
Changes in Assumptions	7,481,514	22,773,335
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	478,151	-
Total	<u>\$ 15,939,974</u>	<u>\$ 30,844,054</u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**1. Single-Employer Defined Postemployment Benefit Plan (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2024	\$ (1,689,689)
2025	(1,729,505)
2026	(1,786,075)
2027	(1,855,272)
2028	(1,884,673)
Thereafter	<u>(5,958,866)</u>
Total	<u>\$ (14,904,080)</u>

**Payable to the OPEB Plan**

At June 30, 2023, the District reported a payable of \$4,767,657 for the outstanding amount of contribution to the Plan required for the year ended June 30, 2023.

**2. Local Retiree Life Insurance Fund**

**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 postemployment life insurance benefits for all eligible members.

**OPEB Plan Fiduciary Net Position**

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/about-etf/reports-and-sudies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**2. Local Retiree Life Insurance Fund (Continued)**

**Benefits Provided**

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired members 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 contributions based on member 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 as of June 30, 2023 are:

Coverage Type	Employer Contribution
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

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 year ended December 31, 2022 are listed below:

Life Insurance Member Contribution Rates For the Year Ended December 31, 2022				
Attained Age	Basic		Supplemental	
Under 30	\$	0.05	\$	0.05
30 to 34		0.06		0.06
35 to 39		0.07		0.07
40 to 44		0.08		0.08
45 to 49		0.12		0.12
50 to 54		0.22		0.22
55 to 59		0.39		0.39
60 to 64		0.49		0.49
65 to 69		0.57		0.57

\* Disabled Members under age 70 receive a waiver-of-premium benefit.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**2. Local Retiree Life Insurance Fund (Continued)**

**Contributions (Continued)**

During the year ending June 30, 2023, LRLIF recognized \$37,285 in contributions from the employer.

**OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At June 30, 2023, the District reported a liability of \$6,897,009 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 benefits terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 1.810321% which was a decrease of 0.03191900% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense (revenue) of \$529,769.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 674,985
Net Differences Between Projected and Actual		
Earnings on OPEB Plan Investments	129,417	-
Changes in Assumptions	2,477,945	4,071,127
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	584,121
Total	\$ 2,607,362	\$ 5,330,233

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**2. Local Retiree Life Insurance Fund (Continued)**

**OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

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 June 30,</u>	<u>Expense</u>
2024	\$ (301,054)
2025	(343,741)
2026	(196,438)
2027	(504,038)
2028	(734,878)
Thereafter	<u>(642,722)</u>
Total	<u>\$ (2,722,871)</u>

**Actuarial Assumptions.** The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 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, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**2. Local Retiree Life Insurance Fund (Continued)**

**OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**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.

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return Percent
U.S. Intermediate Credit Bonds	Bloomberg US Interim Credit	50.0 %	2.45%
U.S. Mortgages	Bloomberg US MBS	50.0 %	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 remained unchanged from the prior year at 2.30%.



**RACINE UNIFIED SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**2. Local Retiree Life Insurance Fund (Continued)**

**OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**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 decrease 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 members. 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 that contributions are made by plan members retiring prior to age 65.

Sensitivity of the District's proportionate share of net OPEB liability to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.76%, as well as what the District'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%)
District's Proportionate Share of the Net OPEB Liability	\$ 9,403,343	\$ 6,897,009	\$ 4,976,197

**Payable to the OPEB Plan**

At June 30, 2023, the District reported a payable of \$4,767,657 for the outstanding amount of contribution to the Plan required for the year ended June 30, 2023.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Fund Equity**

**Nonspendable Fund Balance**

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2023, nonspendable fund balance was as follows:

	General	Nonmajor
Nonspendable:		
Prepaid Supplies an Prepaid Items	\$ 6,004,219	\$ 12,456

**Restricted Fund Balance**

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2023, restricted fund balance was as follows:

General Fund:	
Restricted for:	
Grant Expenditures - Common School Funds	\$ 298,804
Grant Expenditures - Get Kids Ahead	295,085
Self Insurance	1,000,000
Total General Fund Restricted Fund Balance	1,593,889
Special Revenue Funds:	
Restricted for:	
Private Gifts and Donations Designations	1,848,072
Community Service Programs	1,472,464
Food Service	6,558,801
Total Special Revenue Funds Restricted Fund Balance	9,879,337
Debt Service Funds:	
Restricted for:	
Nonreferendum	8,540,711
Capital Projects Fund:	
Restricted for Construction of Capital Assets	158,545,548
Total Restricted Fund Balance	\$ 178,559,485

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Fund Equity (Continued)**

**Assigned Fund Balance**

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At June 30, 2023, fund balance was assigned as follows:

General Fund:

Assigned for:

Capital Projects	\$ 14,786,223
Subsequent Years' Expenditures	<u>1,076,747</u>
Subtotal	<u>15,862,970</u>

Capital Projects Fund:

Assigned for Subsequent Year's Expenditures	<u>5,000,000</u>
Total	<u><u>\$ 20,862,970</u></u>

**Minimum General Fund Balance Policy**

The District has also adopted a minimum fund balance policy of 15-20% of subsequent year budgeted expenditures for the General Fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2023-2024 General Fund Expenditures	\$ 319,828,411
Minimum Fund Balance Percent	<u>(x) 15 - 20%</u>
Minimum Fund Balance Amount	<u><u>\$47,974,262 - \$63,965,682</u></u>

The District's General Fund balance of \$64,592,663 is above the range of the minimum fund balance amount.

**NOTE 3 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. A description of the District's risk management programs is presented below:

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**A. Risk Management (Continued)**

On July 1, 1992, the District established a self-funded health and dental benefit plan for its employees. The Plan administrator is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a calendar year. Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. The Plan is accounted for in the general fund of the District.

In addition to the above, the District reports the following risk management program in its general fund:

**Self-Funded Insurance Program**

The District has a self-insured health and dental benefit plan for its employees. The Plan administrator, Brown and Brown (administrator), is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30, 2023.

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund of the District.

As part of the workers' compensation coverage of the Plan, the District purchases stop-loss coverage, which pays claims in excess of \$1 million per individual.

At June 30, 2023, the District has reported a liability of \$3,596,826 which represents reported and unreported claims which were incurred on or before June 30, 2023, but were not paid by the District as of that date. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2022 and June 30, 2023 are as follows:

	Liability July 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability June 30
2023	\$ 3,962,465	\$ 38,163,879	\$ 38,529,518	\$ 3,596,826
2022	3,937,633	37,341,672	37,316,840	3,962,465

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**B. Contingencies**

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

**C. Limitation on School District Revenues**

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

This limitation does not apply to revenue needed for payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

- A resolution of the school board or by referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

**D. Line of Credit**

The District has a \$10,000,000 line of credit with Johnson Bank. Borrowings under this agreement provide for a variable interest rate as of November 1, 2022 and are unsecured. There was no balance outstanding on this line of credit as of June 30, 2023, nor was there any amounts borrowed during the period 7/1/2022-6/30/2023.

**REQUIRED SUPPLEMENTARY INFORMATION**

**RACINE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —**  
**BUDGET AND ACTUAL — GENERAL FUND — BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 78,147,652	\$ 78,147,652	\$ 78,147,652	\$ -
Other Local Sources	972,500	1,872,325	3,362,206	1,489,881
Interdistrict Sources	347,266	347,266	339,221	(8,045)
Intermediate Sources	-	97,320	74,772	(22,548)
State Sources	184,861,436	185,128,035	185,827,387	699,352
Federal Sources	53,892,436	48,855,731	43,413,901	(5,441,830)
Other Sources	365,750	517,850	1,637,646	1,119,796
Total Revenues	<u>318,587,040</u>	<u>314,966,179</u>	<u>312,802,785</u>	<u>(2,163,394)</u>
<b>EXPENDITURES</b>				
Instruction				
Regular Instruction	99,702,516	96,315,441	94,223,776	2,091,665
Vocational Instruction	6,249,360	6,025,711	5,900,054	125,657
Other Instruction	7,928,366	8,040,568	8,371,882	(331,314)
Total Instruction	<u>113,880,242</u>	<u>110,381,720</u>	<u>108,495,712</u>	<u>1,886,008</u>
Support Services				
Pupil Services	12,698,325	12,721,321	12,579,258	142,063
Instructional Staff Services	22,683,305	22,678,509	20,970,026	1,708,483
General Administration Services	3,925,074	3,904,323	3,591,564	312,759
School Administration Services	13,927,373	13,767,303	13,907,876	(140,573)
Business Services	2,780,847	2,748,752	2,796,614	(47,862)
Operations and Maintenance of Plant	33,562,880	29,886,328	27,037,490	2,848,838
Pupil Transportation Services	7,085,382	7,147,028	6,962,059	184,969
Central Services	3,735,134	3,819,880	3,562,415	257,465
Insurance	740,000	740,000	681,878	58,122
Other Support Services	8,011,554	7,606,337	7,341,187	265,150
Total Support Services	<u>109,149,874</u>	<u>105,019,781</u>	<u>99,430,367</u>	<u>5,589,414</u>
Debt Service				
Principal	2,210,083	1,442,063	1,442,067	(4)
Interest and Fiscal Charges	141,693	73,257	73,254	3
Total Debt Service	<u>2,351,776</u>	<u>1,515,320</u>	<u>1,515,321</u>	<u>(1)</u>
Nonprogram				
General Tuition Payments	19,011,046	19,241,009	17,970,773	1,270,236
Adjustments and Refunds	90,000	90,000	28,719	61,281
Voucher Payments	30,487,948	30,487,948	30,094,168	393,780
Revenue Transits to Others	-	18,528	27,792	(9,264)
Total Nonprogram	<u>49,588,994</u>	<u>49,837,485</u>	<u>48,121,452</u>	<u>1,716,033</u>
Total Expenditures	<u>274,970,886</u>	<u>266,754,306</u>	<u>257,562,852</u>	<u>9,191,454</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	43,616,154	48,211,873	55,239,933	7,028,060
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Assets	15,000	15,000	4,301	(10,699)
Transfers In	315,399	344,453	320,198	(24,255)
Transfers Out	(44,290,420)	(39,747,148)	(35,888,671)	3,858,477
Total Other Financing Sources (Uses)	<u>(43,960,021)</u>	<u>(39,387,695)</u>	<u>(35,564,172)</u>	<u>3,823,523</u>
<b>NET CHANGE IN FUND BALANCE</b>	(343,867)	8,824,178	19,675,761	10,851,583
Fund Balance - Beginning of Year	<u>68,377,980</u>	<u>68,377,980</u>	<u>68,377,980</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 68,034,113</u>	<u>\$ 77,202,158</u>	<u>\$ 88,053,741</u>	<u>\$ 10,851,583</u>

See Notes to Required Supplementary Information.

**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —  
BUDGET AND ACTUAL — SPECIAL EDUCATION SPECIAL REVENUE FUND —  
BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Other Local Sources	\$ -	\$ -	\$ 8,490	\$ 8,490
State Sources	14,770,797	14,741,797	15,792,564	1,050,767
Federal Sources	7,888,818	7,098,292	9,485,551	2,387,259
Total Revenues	<u>22,659,615</u>	<u>21,840,089</u>	<u>25,286,605</u>	<u>3,446,516</u>
<b>EXPENDITURES</b>				
Instruction				
Vocational Instruction	-	-	4,049	(4,049)
Special Education Instruction	40,668,384	38,514,462	38,248,440	266,022
Other Instruction	89,862	89,561	113,902	(24,341)
Total Instruction	<u>40,758,246</u>	<u>38,604,023</u>	<u>38,366,391</u>	<u>237,632</u>
Support Services				
Pupil Services	7,331,764	7,282,598	7,173,895	108,703
Instructional Staff Services	2,930,904	2,776,535	2,682,846	93,689
General Administration Services	5,000	5,000	-	5,000
Business Services	102,136	101,823	85,220	16,603
Operations and Maintenance of Plant	10,000	10,000	10,969	(969)
Pupil Transportation Services	3,843,866	3,843,866	3,519,393	324,473
Central Services	9,700	6,500	7,622	(1,122)
Insurance	203,103	203,103	188,242	14,861
Other Support Services	4,030	4,000	4,357	(357)
Total Support Services	<u>14,440,503</u>	<u>14,233,425</u>	<u>13,672,544</u>	<u>560,881</u>
Nonprogram				
Special Education Tuition Payments	1,668,350	2,102,759	2,202,640	(99,881)
Total Expenditures	<u>56,867,099</u>	<u>54,940,207</u>	<u>54,241,575</u>	<u>698,632</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(34,207,484)</b>	<b>(33,100,118)</b>	<b>(28,954,970)</b>	<b>4,145,148</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	34,395,435	33,262,751	29,097,893	(4,164,858)
Transfers Out	(187,951)	(162,633)	(142,923)	19,710
Total Other Financing Sources (Uses)	<u>34,207,484</u>	<u>33,100,118</u>	<u>28,954,970</u>	<u>(4,145,148)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

See Notes to Required Supplementary Information.



**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS  
LAST 10 MEASUREMENT PERIODS\***

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$ 4,881,033	\$ 5,824,101	\$ 4,802,779	\$ 4,749,957	\$ 4,886,398	\$ 6,594,042	\$ 6,789,109
Interest	2,512,683	1,630,717	2,708,817	2,852,463	2,746,709	3,067,184	2,940,726
Changes of Benefit Terms	-	-	(3,542,225)	-	456,885	-	-
Differences Between Expected and Actual Experience	8,571,444	-	(8,453,697)	-	(2,256,801)	-	-
Changes of Assumptions	2,336,753	(7,826,443)	6,775,701	-	(25,016,422)	-	-
Benefit Payments	(4,041,465)	(4,248,092)	(4,131,874)	(4,767,980)	(4,597,846)	(5,133,501)	(5,085,310)
Net Change in Total OPEB Liability	14,260,448	(4,619,717)	(1,840,499)	2,834,440	(23,781,077)	4,527,725	4,644,525
Total OPEB Liability - Beginning	73,000,493	77,620,210	79,460,709	76,626,269	100,407,346	95,879,621	91,235,096
Total OPEB Liability - Ending (a)	<u>\$ 87,260,941</u>	<u>\$ 73,000,493</u>	<u>\$ 77,620,210</u>	<u>\$ 79,460,709</u>	<u>\$ 76,626,269</u>	<u>\$ 100,407,346</u>	<u>\$ 95,879,621</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 4,268,779	\$ 4,429,308	\$ 4,376,206	\$ 4,994,169	\$ 4,817,172	\$ 5,404,302	\$ 5,313,306
Net Investment Income	218,910	13,158	65,816	136,771	133,828	118,463	51,804
Benefit Payments	(4,041,465)	(4,248,092)	(4,131,874)	(4,767,980)	(4,597,846)	(5,133,501)	(5,085,310)
Administrative Expenses	-	-	(11,083)	-	-	(38,422)	-
Net Change in Plan Fiduciary Net Position	446,224	194,374	299,065	362,960	353,154	350,842	279,800
Plan Fiduciary Net Position - Beginning	10,455,176	10,260,802	9,961,737	9,598,777	9,245,623	8,894,781	8,614,981
Plan Fiduciary Net Position - Ending (b)	<u>\$ 10,901,400</u>	<u>\$ 10,455,176</u>	<u>\$ 10,260,802</u>	<u>\$ 9,961,737</u>	<u>\$ 9,598,777</u>	<u>\$ 9,245,623</u>	<u>\$ 8,894,781</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 76,359,541</u>	<u>\$ 62,545,317</u>	<u>\$ 67,359,408</u>	<u>\$ 69,498,972</u>	<u>\$ 67,027,492</u>	<u>\$ 91,161,723</u>	<u>\$ 86,984,840</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.49%	14.32%	13.22%	12.54%	12.53%	9.21%	9.28%
Covered-Employee Payroll	\$ 147,527,448	\$ 141,176,158	\$ 143,146,850	\$ 140,340,049	\$ 142,356,149	\$ 135,687,306	\$ 142,709,888
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	51.76%	44.30%	47.06%	49.52%	47.08%	67.19%	60.95%
Annual Money-Weighted Rate of Return on Net Investment Expenses	0.27%	0.02%	0.08%	0.18%	0.15%	0.12%	0.06%

\* The amounts presented for each fiscal year were determined as of the current fiscal year-end. Amounts for prior years were not available.

**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EMPLOYER CONTRIBUTIONS —  
OTHER POSTEMPLOYMENT BENEFIT PLAN  
LAST 10 MEASUREMENT PERIODS\***

	2023	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ 8,501,391	\$ 9,608,302	\$ 11,278,214	\$ 9,609,579	\$ 9,750,795	\$ 12,151,576	\$ 12,352,496
Contributions in Relation to the ADC	4,268,779	4,429,308	4,376,206	4,997,089	4,814,252	5,404,302	5,313,306
Contribution Deficiency (Excess)	<u>\$ 4,232,612</u>	<u>\$ 5,178,994</u>	<u>\$ 6,902,008</u>	<u>\$ 4,612,490</u>	<u>\$ 4,936,543</u>	<u>\$ 6,747,274</u>	<u>\$ 7,039,190</u>
Covered-Employee Payroll	\$ 147,527,448	\$ 141,176,158	\$ 143,146,850	\$ 140,340,049	\$ 142,356,149	\$ 135,687,306	\$ 142,709,888
Contributions as a Percentage of Covered-Employee Payroll	2.89%	3.14%	3.06%	3.56%	3.38%	3.98%	3.72%

**Key Methods and Assumption Used to Calculate ADC**

Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
Amortization Method	Straight Line	Straight Line	Straight Line	18 year Level Dollar	21 year Level Dollar	21 year Level Dollar
Discount Rate	3.65	3.54%	2.16%	3.50%	3.00%	3.00%
Asset Earnings Rate	3.50%	3.50%	3.50%	3.50%	3.00%	3.00%

\* The amounts presented for each fiscal year were determined as of the current fiscal year-end. Amounts for prior years were not available.

**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) —  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/2014	0.95793451%	\$ (23,529,492)	\$ 133,929,709	17.57 %	102.74 %
12/31/2015	0.97103075%	15,779,061	141,579,733	11.14	98.20
12/31/2016	0.96814477%	7,979,824	137,001,261	5.82	99.12
12/31/2017	0.96050070%	(28,518,405)	138,308,351	20.62	102.93
12/31/2018	0.93431373%	33,239,953	141,548,127	23.48	96.45
12/31/2019	0.91266650%	(29,428,534)	141,347,768	20.82	102.96
12/31/2020	0.88785418%	(55,429,968)	143,949,085	38.51	105.26
12/31/2021	0.85147194%	(68,630,205)	140,170,542	48.96	106.02
12/31/2022	0.82483867%	43,697,509	145,273,624	30.08	95.72

**SCHEDULE OF CONTRIBUTIONS —  
WISCONSIN RETIREMENT SYSTEM  
LAST 10 MEASUREMENT PERIODS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	\$ 9,284,346	\$ 9,284,346	\$ -	\$ 134,625,534	6.90 %
6/30/16	10,011,629	10,011,629	-	149,510,190	6.70
6/30/17	9,244,652	9,244,652	-	137,699,728	6.71
6/30/18	9,414,240	9,414,240	-	139,616,362	6.74
6/30/19	9,393,990	9,393,990	-	141,701,323	6.63
6/30/20	9,346,726	9,346,726	-	140,659,391	6.64
6/30/21	9,276,437	9,276,437	-	137,240,826	6.76
6/30/22	9,702,229	9,702,229	-	141,900,319	6.83
6/30/23	10,073,936	10,073,936	-	151,000,261	6.67

See Notes to Required Supplementary Information.

**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) —  
LOCAL RETIREE LIFE INSURANCE FUND  
LAST 10 MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered- Employee Payroll (Plan Year)	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	2.09779300%	\$ 6,311,378	\$ 88,218,197	7.15 %	44.81 %
12/31/18	2.02006900%	5,212,460	92,710,000	5.62	48.69
12/31/19	1.96507000%	8,367,651	90,717,000	9.22	37.58
12/31/20	1.92134300%	10,568,774	87,817,000	12.04	31.36
12/31/21	1.84224000%	10,888,319	88,775,000	12.27	29.57
12/31/22	1.81032100%	6,897,009	88,138,000	7.83	38.81

**SCHEDULE OF CONTRIBUTIONS —  
LOCAL RETIREE LIFE INSURANCE FUND  
LAST 10 MEASUREMENT PERIODS**

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered-Employee Payroll (Fiscal Year)	Contributions as a Percentage of Covered-Employee Payroll
6/30/2018	\$ 39,042	\$ 39,042	\$ -	\$ 139,616,362	0.03 %
6/30/2019	38,672	38,672	-	141,701,323	0.03
6/30/2020	38,851	38,851	-	140,659,391	0.03
6/30/2021	37,615	37,615	-	137,240,826	0.03
6/30/2022	36,634	36,634	-	141,900,319	0.03
6/30/2023	37,285	37,285	-	151,000,261	0.02

See Notes to Required Supplementary Information.

**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS —  
SUPPLEMENTAL PENSION  
LAST 10 MEASUREMENT PERIODS\***

	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability							
Service Cost	\$ 146,387	\$ 186,441	\$ 143,056	\$ 147,927	\$ 153,709	\$ 204,839	\$ 218,464
Interest	144,043	98,006	148,501	151,844	150,033	132,981	131,604
Differences Between Expected and Actual Experience	(394,861)	-	(332,681)	-	52,116	-	-
Changes in Assumptions	(42,124)	(520,004)	573,128	-	(462,943)	-	-
Benefit Payments	(193,146)	(272,351)	(202,796)	(200,900)	(191,284)	(205,636)	(216,497)
Net Change in Total Pension Liability	(339,701)	(507,908)	329,208	98,871	(298,369)	132,184	133,571
Total Pension Liability - Beginning	4,165,588	4,673,496	4,344,288	4,245,417	4,543,786	4,411,602	4,278,031
Total Pension Liability - Ending	<u>\$ 3,825,887</u>	<u>\$ 4,165,588</u>	<u>\$ 4,673,496</u>	<u>\$ 4,344,288</u>	<u>\$ 4,245,417</u>	<u>\$ 4,543,786</u>	<u>\$ 4,411,602</u>
Covered Payroll	\$ 21,112,796	\$ 19,464,964	\$ 19,083,298	\$ 18,709,116	\$ 19,724,097	\$ 20,460,635	\$ 15,600,736
District's Net Pension Liability as a Percentage of Covered Payroll	18.12%	21.40%	24.49%	23.22%	21.52%	22.21%	28.28%

\* The amounts presented for each fiscal year were determined as of the current fiscal year-end. Amounts for prior years were not available.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**NOTE 1 OTHER POSTEMPLOYMENT BENEFITS**

***Local Retiree Life Insurance Fund***

Changes of Benefit Terms

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

Changes of Assumptions

The ETF 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 retirement insurance programs and are summaries below.

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

- Lowering the price inflation rate form 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 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate form 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

***Single Employer Plan***

The *Single Discount Rate* assumption used to develop the total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional details.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end. The District is 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.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**NOTE 2 PENSION BENEFITS**

***Wisconsin Retirement System (WRS)***

Changes of Benefit Terms

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

Changes of 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-end 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 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

The District is 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.

***Supplemental Pension Plan***

There were no changes of benefit terms.

There are no assets accumulated in a trust for the supplemental pension plan.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING**

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. Budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements.

Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.

- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.
- Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire Board of Education.
- Appropriations lapse at year-end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2023.



**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)**

**Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), except the District adopts a budget for the special education special revenue fund in accordance with requirements from the Wisconsin Department of Public Instruction. In accordance with U.S. GAAP, these funds are included as part of the general fund in these financial statements. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a U.S. GAAP General Fund basis is summarized below:

	<u>General</u>	<u>Special Education</u>
Revenues		
Actual Amounts (Budgetary Basis)	\$ 312,802,785	\$ 25,286,605
Reclassification of Special Education	<u>25,286,605</u>	<u>(25,286,605)</u>
Total Revenues	338,089,390	-
Expenditures		
Actual Amounts (Budgetary Basis)	257,562,852	54,241,575
Reclassification of Special Education	<u>54,241,575</u>	<u>(54,241,575)</u>
Total Expenditures	<u>311,804,427</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		
Actual Amounts (Budgetary Basis)	55,239,933	(28,954,970)
Reclassification of Special Education	<u>(28,954,970)</u>	<u>28,954,970</u>
Excess of Revenues Over (Under) Expenditures	26,284,963	-
Other Financing Sources (Uses)		
Actual Amounts (Budgetary Basis)	(35,564,172)	28,954,970
Reclassification of Special Education	<u>28,954,970</u>	<u>(28,954,970)</u>
Total Other Financing Sources (Uses)	<u>(6,609,202)</u>	<u>-</u>
Net Change in Fund Balance		
Actual Amounts (Budgetary Basis)	19,675,761	-
Fund Balance - July 1		
Actual Amounts (Budgetary Basis)	<u>68,377,980</u>	<u>-</u>
Fund Balance - June 30		
Actual Amounts (Budgetary Basis)	<u>\$ 88,053,741</u>	<u>\$ -</u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)**

**Excess of Expenditures Over Budget Appropriations**

The expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended June 30, 2023 as follows:

Funds	Excess Expenditures
General Fund:	
Instruction	
Other Instruction	\$ 331,314
Support Services:	
School Administration Services	140,573
Business Services	47,862
Debt Service	
Principal	4
Nonprogram:	
Revenue Transits to Others	9,264
Special Education Fund:	
Instruction	
Vocational Instruction	4,049
Other Instruction	24,341
Support services	
Operations and Maintenance of Plant	969
Central Services	1,122
Other Support Services	357
Nonprogram:	
Special Education Tuition Payments	99,881

## **SUPPLEMENTARY INFORMATION**

**RACINE UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	Special Revenue				Total Nonmajor Governmental Funds
	Donations	Special Projects	Community Service	Food Service	
<b>ASSETS</b>					
Cash and Investments	\$ 310,903	\$ -	\$ -	\$ 1,647,612	\$ 1,958,515
Receivables:					
Accounts	-	-	-	26,883	26,883
Due from Other Funds	1,601,550	-	908,386	4,600,994	7,110,930
Due from Other Governments	-	-	635,513	1,554,663	2,190,176
Inventories and Prepaid Items	-	-	-	12,456	12,456
	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,456</u>	<u>12,456</u>
Total Assets	<u>\$ 1,912,453</u>	<u>\$ -</u>	<u>\$ 1,543,899</u>	<u>\$ 7,842,608</u>	<u>\$ 11,298,960</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 64,381	\$ -	\$ 71,435	\$ 1,195,633	\$ 1,331,449
Due to Other Funds	-	-	-	33,951	33,951
Unearned Revenues	-	-	-	41,767	41,767
Total Liabilities	<u>64,381</u>	<u>-</u>	<u>71,435</u>	<u>1,271,351</u>	<u>1,407,167</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	12,456	12,456
Restricted	1,848,072	-	1,472,464	6,558,801	9,879,337
Total Fund Balances	<u>1,848,072</u>	<u>-</u>	<u>1,472,464</u>	<u>6,571,257</u>	<u>9,891,793</u>
Total Liabilities and Fund Balances	<u>\$ 1,912,453</u>	<u>\$ -</u>	<u>\$ 1,543,899</u>	<u>\$ 7,842,608</u>	<u>\$ 11,298,960</u>

**RACINE UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

	Special Revenue				Total Nonmajor Governmental Funds
	Donations	Special Projects	Community Service	Food Service	
<b>REVENUES</b>					
Property Taxes	\$ -	\$ -	\$ 5,911,863	\$ -	\$ 5,911,863
Other Local Sources	1,568,287	-	353,324	154,203	2,075,814
State Sources	-	-	-	118,241	118,241
Federal Sources	-	-	1,576,832	9,970,596	11,547,428
Other Sources	-	-	-	24,578	24,578
Total Revenues	<u>1,568,287</u>	<u>-</u>	<u>7,842,019</u>	<u>10,267,618</u>	<u>19,677,924</u>
<b>EXPENDITURES</b>					
Instruction					
Regular Instruction	227,981	-	-	-	227,981
Vocational Instruction	22,667	-	-	-	22,667
Other Instruction	767,162	-	-	-	767,162
Total Instruction	<u>1,017,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,017,810</u>
Support Services					
Pupil Services	122,736	-	-	-	122,736
Instructional Staff Services	34,086	-	-	-	34,086
General Administration Services	89,256	-	175,639	-	264,895
School Administration Services	35,233	-	227,544	-	262,777
Business Services	44,787	-	-	1,685	46,472
Operation and Maintenance of Plant	13,378	-	1,078,759	631,418	1,723,555
Pupil Transportation Services	40,395	-	77,857	-	118,252
Food Services	-	-	-	8,782,883	8,782,883
Central Services	1,071	-	4,865	-	5,936
Insurance	-	-	41,470	-	41,470
Other Support Services	-	-	3,412	1,019	4,431
Total Support Services	<u>380,942</u>	<u>-</u>	<u>1,609,546</u>	<u>9,417,005</u>	<u>11,407,493</u>
Community Service	-	-	4,109,004	-	4,109,004
Nonprogram					
Adjustments and Refunds	60,000	-	-	-	60,000
Post-Secondary Scholarship Expenditures	56,089	-	-	-	56,089
Total Expenditures	<u>1,514,841</u>	<u>-</u>	<u>5,718,550</u>	<u>9,417,005</u>	<u>16,650,396</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	53,446	-	2,123,469	850,613	3,027,528
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out	-	(66,426)	(1,919,199)	-	(1,985,625)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(66,426)</u>	<u>(1,919,199)</u>	<u>-</u>	<u>(1,985,625)</u>
<b>NET CHANGE IN FUND BALANCES</b>	53,446	(66,426)	204,270	850,613	1,041,903
Fund Balance - Beginning of Year	<u>1,794,626</u>	<u>66,426</u>	<u>1,268,194</u>	<u>5,720,644</u>	<u>8,849,890</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 1,848,072</u>	<u>\$ -</u>	<u>\$ 1,472,464</u>	<u>\$ 6,571,257</u>	<u>\$ 9,891,793</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT  
FOR BASIC FINANCIAL STATEMENTS**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education  
Racine Unified School District  
Racine, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Racine Unified School District, Wisconsin (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
December 15, 2023



## **FEDERAL AND STATE AWARDS**



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES**

Board of Education  
Racine Unified School District  
Racine, Wisconsin

**Report on Compliance for Each Major Federal and Major State Program**

***Opinion on Each Major Federal and Major State Program***

We have audited the Racine Unified School District, Wisconsin's (the District), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *Wisconsin State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and major state programs for the year ended June 30, 2023. The District's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and major state programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal and Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and the *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.


### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
December 15, 2023

**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

Federal Grantor Agency/Federal Program Title or Cluster	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/22	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total Federal Expenditures	Subrecipient Payments
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
<i>Child Nutrition Cluster</i>								
School Breakfast Program	10.553	WI DPI	2023-514620-DPI-SB-SEVERE-546	\$ -	\$ 1,931,097	\$ 427,716	\$ 2,358,813	\$ -
COVID-19 School Breakfast Program	10.553	WI DPI	2022-514620-DPI-SB-SEVERE-546	(67,925)	67,925	-	-	-
Total School Breakfast Program				(67,925)	1,999,022	427,716	2,358,813	-
National School Lunch Program	10.555	WI DPI	2023-514620-DPI-NSL-547	-	5,385,045	1,012,963	6,398,008	-
COVID-19 National School Lunch Program	10.555	WI DPI	2022-514620-DPI-NSL-547	(158,551)	158,551	-	-	-
Donated Commodities 22-23	10.555	WI DPI	2022-514620-DPI-NSL-547	-	865,064	-	865,064	-
Total National School Lunch Program				(158,551)	6,408,660	1,012,963	7,263,072	-
NSL Area Eligible Snack Program	10.555	WI DPI	2023-514620-NSL-Snacks-566	-	72,890	13,204	86,094	-
COVID-19 NSL Area Eligible Snack Program	10.555	WI DPI	2022-514620-DPI-SK_NSLAE-561	(12,149)	12,149	-	-	-
Total NSL Area Eligible Snack Program				(12,149)	85,039	13,204	86,094	-
Summer Food Service Program for Children	10.559	WI DPI	2023-514620-SFSP-586	-	93,781	82,580	176,361	-
COVID-19 Summer Food Service Program for Children	10.559	WI DPI	2022-514620-DPI-SFSP-561	(61,952)	61,952	-	-	-
Total NSL Summer Food Service Program for Children				(61,952)	155,733	82,580	176,361	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2023-514620-DPI-FFVPOOTPub-376	-	41,538	13,901	55,439	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2022-514620-DPI-FFVP-Oct-376	(26,103)	26,103	-	-	-
Total Fresh Fruit and Vegetable Program				(26,103)	67,641	13,901	55,439	-
<i>Total Child Nutrition Cluster</i>				(326,680)	8,716,095	1,550,364	9,939,779	-
Child and Adult Care Food Program	10.558	WI DPI	2023-514620-DPI-AR-566	-	26,517	4,300	30,817	-
Child and Adult Care Food Program	10.558	WI DPI	2022-514620-DPI-AR-561	(4,316)	4,316	-	-	-
Total Child and Adult Care Food Program				(4,316)	30,833	4,300	30,817	-
Total U.S. Department of Agriculture				(330,996)	8,746,928	1,554,664	9,970,596	-
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>								
Community Development Block Grant	14.218	WI DPI	City of Racine - 00461	-	121,000	-	121,000	-
<b>U.S. DEPARTMENT OF EDUCATION</b>								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2023-514620-DPI-TID-144	-	22,632	10,839	33,471	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-514620-DPI-TID-144	(12,821)	12,821	-	-	-
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2023-514620-DPI-TIA-141	-	5,588,166	2,284,318	7,872,484	-
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2022-514620-DPI-TIA-141	(2,427,446)	2,427,446	-	-	-
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2023-514620-DPI-1003 IMPL-155	-	-	125,682	125,682	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2023-514620-DPI-CSI-148	-	259,433	98,235	357,668	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-514620-DPI-CSI-148	(90,121)	90,121	-	-	-
Total Title I Grants to Local Educational Agencies				(2,530,388)	8,400,619	2,519,074	8,389,305	-
<i>Special Education Cluster (IDEA)</i>								
Special Education Grants to States	84.027A	WI DPI	2023-514620-DPI-IDEA-FT-341	-	4,048,452	1,335,835	5,384,287	-
Special Education Grants to States	84.027A	WI DPI	2022-514620-DPI-FLOW-341	(779,644)	779,644	-	-	-
Special Education Grants to States	84.027A	WI DPI	2022-514620-DPI-FLOW-341	(259,098)	259,098	234,263	234,263	-
Total Special Education Grants to States				(1,038,742)	5,087,194	1,570,098	5,618,550	-
Special Education Preschool Grants	84.173A	WI DPI	2023-514620-DPI-PRESCH-347	-	178,201	72,755	250,956	-
Special Education Preschool Grants	84.173A	WI DPI	2022-514620-DPI-PRESCH-347	(66,382)	66,382	-	-	-
Total Special Education Cluster (IDEA)				(1,105,124)	5,331,777	1,642,853	5,869,506	-
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2023-514620-DPI-EHCY-335	-	119,348	95,467	214,815	-
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2022-514620-DPI-CTE-400	(87,427)	87,427	-	-	-
Total Career and Technical Education - Basic Grants to States				(87,427)	206,775	95,467	214,815	-

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

Federal Grantor Agency/Federal Program Title or Cluster	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/22	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total Federal Expenditures	Subrecipient Payments
Education for Homeless Children and Youth	84.196A	WI DPI	2023-514620-DPI-EHCY-335	\$ -	\$ 70,582	\$ 33,584	\$ 104,166	\$ -
Education for Homeless Children and Youth	84.196A	WI DPI	2022-514620-DPI-EHCY-335	(20,996)	20,996	-	-	-
Total Education for Homeless Children and Youth				(20,996)	91,578	33,584	104,166	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2023-514620-DPI-T-IV-B-367	-	374,355	299,024	673,379	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2022-514620-DPI-TIVB-367	(297,153)	297,153	-	-	-
Total Twenty-First Century Community Learning Centers				(297,153)	671,508	299,024	673,379	-
English Language Acquisition State Grants	84.365A	WI DPI	2023-514620-DPI-TIIIA-391	-	251,818	66,112	317,930	-
English Language Acquisition State Grants	84.365A	WI DPI	2022-514620-DPI-TIIIA-391	(119,395)	119,395	-	-	-
Total English Language Acquisition State Grants				(119,395)	371,213	66,112	317,930	-
Supporting Effective Instruction State Grants	84.367A	WI DPI	2023-514620-DPI-TIIA-365	-	563,572	335,967	899,539	-
Supporting Effective Instruction State Grants	84.367A	WI DPI	2022-514620-DPI-TIIA-365	(343,858)	343,858	-	-	-
Total Improving Teacher Quality State Grants				(343,858)	907,430	335,967	899,539	-
Student Support and Academic Enrichment Program	84.424A	WI DPI	2023-514620-DPI-TIV-A-381	-	310,934	250,028	560,962	-
Student Support and Academic Enrichment Program	84.424A	WI DPI	2022-514620-DPI-TIVA-381	(222,780)	222,780	-	-	-
Total Improving Teacher Quality State Grants				(222,780)	533,714	250,028	560,962	-
COVID-19 Elementary and Secondary School Emergency Relief I	84.425D	WI DPI	2021-514620-DPI-ESSERF-160	(204,760)	204,760	-	-	-
COVID-19 Elementary and Secondary School Emergency Relief I	84.425D	WI DPI	2021-514620-DPI-ESSERF-160	-	11,063	-	11,063	-
COVID-19 Governors Emergency Education Relief Fund	84.425C	WI DPI	2021-514620-DPI-GEERF-162	(400,931)	412,339	-	11,408	-
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	WI DPI	2022-514620-DPI-ESSERFII-163	(3,952,560)	11,621,468	1,649,658	9,318,566	-
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	WI DPI	2022-514620-DPI-ESSERFII-163	(519,033)	809,481	119,034	409,482	-
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	WI DPI	2022-514620-DPI-ESSERFII-163	(107,148)	361,582	131,116	385,550	-
COVID-19 Elementary and Secondary School Emergency Relief III	84.425D	WI DPI	2022-514620-DPI-ESSERFIII-165	-	11,311,139	8,028,461	19,339,601	-
COVID-19 Elementary and Secondary School Emergency Relief III	84.425D	WI DPI	2022-514620-DPI-ESSERFIII-165	-	119,112	63,716	182,828	-
COVID-19 Elementary and Secondary School Emergency Relief III	84.425D	WI DPI	2022-514620-DPI-ESSERFIII-165	-	276,517	217,455	493,972	-
COVID-19 ARP Homeless Children and Youth	84.425W	WI DPI	2022-514620-DPI-ARPHCYI-168	(1,159)	1,159	16,705	16,705	-
COVID-19 ARP Homeless Children and Youth	84.425W	WI DPI	2022-514620-DPI-ARPHCYII-173	-	-	82,401	82,401	-
Total Elementary and Secondary School Emergency Relief				(5,185,591)	25,128,620	10,308,546	30,251,575	-
Total U.S. Department of Education				(9,912,712)	41,643,234	15,550,655	47,281,177	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS	44211100	-	6,653,258	-	6,653,258	-
Total Medicaid Cluster				-	6,653,258	-	6,653,258	-
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Re	93.354	CESA 1	N/A	-	74,772	-	74,772	-
Total U.S. Department of Health and Human Services				-	6,728,030	-	6,728,030	-
Total Federal Awards				<u>\$ (10,243,708)</u>	<u>\$ 57,239,192</u>	<u>\$ 17,105,319</u>	<u>\$ 64,100,803</u>	<u>\$ -</u>
Reconciliation to the Basic Financial Statements								
Federal Sources							\$ 64,446,880	
Intermediate Sources							74,772	
Less: Nongrant Related Revenues							(420,849)	
Total Expenditures of Federal Awards							<u>\$ 64,100,803</u>	

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED JUNE 30, 2023**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/22	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total State Expenditures	Subrecipient Payments
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>								
Special Education and School Age Parents	255.101	Direct Program	514620-100	\$ -	\$ 14,887,891	\$ -	\$ 14,887,891	\$ -
State School Lunch Aid	255.102	Direct Program	514620-107	-	65,831	-	65,831	-
Common School Fund Library Aid	255.103	Direct Program	514620-104	-	1,293,355	-	1,293,355	-
Bilingual Bicultural Aid Lea	255.106	Direct Program	514620-111	-	288,825	-	288,825	-
General Transportation Aid	255.107	Direct Program	514620-102	-	384,372	-	384,372	-
Equalization Aids	255.201	Direct Program	514620-116	-	165,070,621	-	165,070,621	-
High Cost Special Education Aid	255.210	Direct Program	514620-119	-	633,763	-	633,763	-
Aid for School Mental Health Programs	255.227	Direct Program	514620-176	(537,623)	1,420,456	-	882,833	-
Peer-to-Peer Suicide Prevention Grant	255.246	CESA #4	N/A	-	-	5,000	5,000	-
Special Education Transition Readiness Grant	255.257	Direct Program	514620-174	(14,260)	14,260	24,960	24,960	-
School base mental health services grant	255.297	Direct Program	514620-297	(31,360)	31,360	76,034	76,034	-
Alcohol and Other Drug Abuse	255.306	Direct Program	514620-395	(19,625)	28,725	10,900	20,000	-
State School Breakfast Aid	255.344	Direct Program	514620-108	-	52,401	-	52,401	-
WI Grant to Support Gifted and Talented Public	255.350	Direct Program	514620-139	-	-	12,215	12,215	-
Tuition Payments by State	255.401	Direct Program	514620-157	-	287,508	-	287,508	-
Tuition Payments Spec Education	255.401	Direct Program	514620-158	-	155,788	-	155,788	-
Total Tuition Payments by State				-	443,296	-	443,296	-
Student Achievement Guarantee in Education (SAGE)	255.504	Direct Program	514620-160	-	1,594,316	-	1,594,316	-
Early College Credit Program	255.445	Direct Program	514620-178	-	1,028	-	1,028	-
Aid for High Poverty School District	255.926	Direct Program	514620-121	-	1,114,840	-	1,114,840	-
Educator Effective Evaluation System	255.940	Direct Program	514620-154	(113,800)	113,800	124,240	124,240	-
Per Pupil Aid	255.945	Direct Program	514620-113	-	13,102,236	-	13,102,236	-
Career and Technical Education Incentive Grants	255.950	Direct Program	514620-151	(93,676)	200,198	-	106,522	-
Assessments of Reading Readiness	255.956	Direct Program	514620-166	-	18,142	-	18,142	-
Robotics League Participation Grants	255.959	Direct Program	514620-167	-	5,643	-	5,643	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	514620-168	-	66,879	-	66,879	-
Total Wisconsin Department of Public Instruction				(810,344)	200,832,238	253,349	200,275,243	-
Total State Programs				\$ (810,344)	\$ 200,832,238	\$ 253,349	\$ 200,275,243	\$ -

Reconciliation to the Basic Financial Statements	
State Sources	\$ 201,738,192
Less: State Sources not Considered State Financial Assistance	
State Tax Computer Aid	(1,432,511)
Nongrant Related Revenues	(29,498)
Payment in Lieu of Taxes and Other Revenues	(940)
Total Expenditures of State Awards	<u>\$ 200,275,243</u>

See accompanying Notes to the Schedules of Expenditures of Federal and State Awards.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2023**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal and state awards for the Racine Unified School District, Wisconsin (the District) are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal and state awards include all federal and state awards of the District. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2023 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The District has not elected to charge a de minimis rate of 10% of modified total costs.

**NOTE 3 FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed.



**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2023**

**NOTE 4   OVERSIGHT AGENCIES**

The federal and state oversight agencies for the District are as follows:

Federal - U.S. Department of Health and Human Services  
State - Wisconsin Department of Public Instruction

**NOTE 5   PASS THROUGH ENTITIES**

Federal and state awards have been passed through the following entities:

WI DHS - Wisconsin Department of Health Services  
WI DPI - Wisconsin Department of Public Instruction  
WI DMA - Wisconsin Department of Military Affairs  
CESA 4 – Cooperative Educational Service Agency No. 4

**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

---

**Section I – Summary of Auditors’ Results**

---

**Financial Statements**

1. Type of auditor’s report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ Yes       X       No
  - Significant deficiency(ies) identified? \_\_\_\_\_ Yes       X       None reported
3. Noncompliance material to basic financial statements noted? \_\_\_\_\_ Yes       X       No

**Federal and State Awards**

1. Internal control over compliance:
- Material weakness(es) identified? \_\_\_\_\_ Yes       X       No
  - Significant deficiency(ies) identified? \_\_\_\_\_ Yes       X       None reported
2. Type of auditor’s report issued on compliance for major programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes       X       No
4. Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? \_\_\_\_\_ Yes       X       No

Assistance Listing Number(s)	Name of Federal Program
	<i>Special Education Cluster (IDEA)</i>
84.IDEA	Special Education Grants to States
84.IDEA	Special Education Preschool Grants
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund
84.425D	COVID-19 Elementary and Secondary School Emergency Relief I
84.425D	COVID-19 Elementary and Secondary School Emergency Relief II
84.425D	COVID-19 Elementary and Secondary School Emergency Relief III
84.425C	COVID-19 Governors Emergency Education Relief Fund
84.425W	COVID-19 ARP Homeless Children and Youth
84.425W	COVID-19 ARP Homeless Children and Youth




**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

---

***Section IV – Other Issues***

---

- |  |  |
|--|--|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?   | No   |
| 2. Does the audit report show audit issues (i.e. material noncompliance, nonmaterial, noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : |  |
| Department of Health Services  | No   |
| Department of Public Instruction   | No   |
| Department of Military Affairs   | No   |
| Department of Workforce Development  | No   |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?  | Yes  |
| 4. Name and signature of partner   | <br>Amber Drewieske, CPA |
| 5. Date of report  | December 15, 2023  |



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.