

**RACINE UNIFIED SCHOOL DISTRICT
RACINE, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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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, 2022, 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, 2022, 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.

Emphasis of Matter

As described in Note 2.D, during 2022, the District adopted new accounting guidance, Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 financial information listed in the table of contents as supplementary information 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 supplementary information is 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, 2022, 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

Milwaukee, Wisconsin
December 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**RACINE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

FINANCIAL HIGHLIGHTS

- The District's overall financial position, as reflected in total net position, increased \$46,775,014 during the 2021-2022 fiscal year.
- The District's governmental fund balance reported an increase of \$16,670,468 compared to an increase of \$16,078,604 in the prior year. While the Capital Project fund increased in fund balance by \$11,165,896, and Other Governmental funds decreased in fund balance by \$2,701,323, the General Fund increased by \$8,205,895. 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 \$484,353 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, 2022**

- 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, 2022**

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, 2022 with a comparison to the prior year.

Table 1 Condensed Statement of Net Assets (in thousands of dollars)			
	Racine Unified School District		%
	2022	2021	Change 2021-2022
Assets			
Current Assets	\$ 130,265	\$ 120,162	8.4%
Net Pension Asset	68,630	55,430	23.8%
Capital Assets	202,255	201,770	0.2%
Total Assets	401,150	377,362	6.3%
Deferred Outflows			
Related to Pension	129,313	87,153	48.4%
Related to Other			
Postemployment Benefits	9,791	11,002	-11.0%
Loss on Advance Refunding	870	940	-7.4%
Total Deferred Outflows	139,974	99,095	41.3%
Liabilities			
Long-Term Obligations	179,369	199,940	-10.3%
Other Liabilities	26,508	33,181	-20.1%
Total Liabilities	205,877	233,121	-11.7%
Deferred Inflows			
Related to Pension	162,818	122,414	33.0%
Related to Other			
Postemployment Benefits	35,640	30,909	15.3%
Total Deferred Outflows	198,458	153,323	29.4%
Net Position			
Net Investment in			
Capital Assets	102,580	86,805	18.2%
Restricted	105,339	85,129	23.7%
Unrestricted	(71,130)	(81,921)	-13.2%
Total Net Position	\$ 136,789	\$ 90,013	52.0%

**RACINE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

(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, 2022 with a comparison to the prior year.

Table 2 Changes in Net Position (in thousands of dollars)			
	Racine Unified School District		%
	2022	2021	2021-2022
Revenues			
Program Revenues			
Charges for Services	\$ 1,436	\$ 634	126.5%
Operating Grants and Contributions	85,625	65,959	29.8%
Capital Grants	16	-	0.0%
General Revenues			
Property Taxes	104,421	100,256	4.2%
State Formula Aid	158,893	158,492	0.3%
Interest	120	42	185.7%
Other	1,863	5,955	-68.7%
Total Revenues	352,374	331,338	6.3%
Expenses			
Instruction	136,106	128,625	5.8%
Pupil and Instructional Services	40,306	39,094	3.1%
Administration and Business	72,036	65,995	9.2%
Central Services and Insurance	4,080	4,750	-14.1%
Interest on Debt	2,543	3,376	-24.7%
Nonprogram	47,524	43,608	9.0%
Community Services	3,003	2,645	13.5%
Total Expenses	305,598	288,093	6.1%
Cumulative Change in Accounting Principle	-	213	N/A
Change in Net Position	\$ 46,776	\$ 43,458	7.1%

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, 2022**

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.

Table 3 Total and Net Cost of Governmental Activities (in thousands of dollars)					
	Total Cost of Services		Net Cost of Services		%
	2022	2021	2022	2021	2021-2022
Instruction	\$ 136,106	\$ 128,625	\$ 79,851	\$ 82,930	-3.7%
Pupil and Instructional Services	40,306	39,094	25,868	27,971	-7.5%
Administration and Business	72,036	65,995	57,655	56,790	1.5%
Central Services and Insurance	4,080	4,750	3,600	4,740	-24.1%
Interest on Debt	2,543	3,376	2,543	3,376	-24.7%
Nonprogram	47,524	43,608	46,726	43,081	8.5%
Community Services	3,003	2,645	2,339	2,610	-10.4%
Totals	\$ 305,598	\$ 288,093	\$ 218,582	\$ 221,498	-1.3%

Governmental Funds

The District completed the year with a total governmental fund balance of \$104.3 million, an increase of \$16.7 million from the prior year.

- Total general fund revenue for the year was \$877,000 above budget largely due to additional donations and local or other sources.
- Total general fund program expenditures, including nonprogram transactions, was less than the budget by \$15.6 million. Savings in support services, instruction, and nonprogram expenditures.
- The final general fund budget forecasted a decrease in general fund balance of \$6,559,446 while the actual results showed an increase of \$8,205,895.
- The debt service funds fund balance had a net decrease of \$598,021. 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 2021-2022, the capital projects funds fund balance increased by \$11,165,896 due to a General Fund transfer into the Long-Term Capital Improvement Fund.

**RACINE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2022 fiscal year, the District had net capital assets of \$202.3 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.

Table 4 Net Capital Assets (in thousands of dollars)			
	Totals School District		%
	2022	2021	Change 2021-2022
Land	\$ 3,657	\$ 3,725	-1.8%
Work in Progress	1,472	16,572	-91.1%
Site Improvements	32,153	33,627	-4.4%
Buildings	152,812	133,471	14.5%
Machinery and Equipment	12,161	14,375	-15.4%
Total	\$ 202,255	\$ 201,770	0.2%

Long-Term Debt and Other Obligations

At year-end, the district had \$94.4 million in general obligation debt outstanding, a decrease of \$12.8 million from last year. Additional information about the District's long-term liabilities is presented in the notes to the financial statements.

Table 5 Outstanding Long-term Obligations (in thousands of dollars)			
	Racine Unified School District		%
	2022	2021	Change 2021-2022
General Obligation Debt	\$ 94,390	\$ 107,195	-11.9%
Premium on Debt	3,369	3,875	-13.1%
Lease Liability - Financed Purchased	3,454	5,684	-39.2%
Other Postemployment Benefits	73,434	77,928	-5.8%
Pension Benefits Compensated Absences	4,166	4,673	-10.8%
	556	585	-5.0%
Total	\$ 179,369	\$ 199,940	-10.3%

**RACINE UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

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, 2021. The district reported a net pension asset of \$68.6 million as of June 30, 2022.

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, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 89,380,523
Receivables:	
Taxes	23,292,932
Accounts	560,285
Due from Other Governments	11,912,810
Prepaid Supplies and Prepaid Items	5,118,070
Net Pension Asset	68,630,205
Capital Assets:	
Nondepreciable	5,129,153
Depreciable, Net	197,125,379
Total Assets	401,149,357
 DEFERRED OUTFLOWS OF RESOURCES	
Loss on Advance Refunding	870,057
Pension Related Amounts	129,312,990
Other Postemployment Related Amounts	9,791,314
Total Deferred Outflows of Resources	139,974,361
 LIABILITIES	
Accounts Payable	10,013,738
Accrued and Other Current Liabilities	9,048,846
Accrued Interest Payable	517,663
Unearned Revenues	51,781
Deposits Payable	2,913,923
Health and Dental Claims Payable	3,962,465
Long-Term Obligations:	
Due in One Year	15,245,419
Due in More Than One Year	86,524,286
Other Postemployment Benefits Liability	73,433,636
Net Pension Liability, Due in One Year	270,000
Net Pension Liability	3,895,588
Total Liabilities	205,877,345
 DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	162,817,875
Other Postemployment Related Amounts	35,640,462
Total Deferred Inflows of Resources	198,458,337
 NET POSITION	
Net Investment in Capital Assets	102,579,691
Restricted:	
Debt Service	628,512
Private Gifts and Donations	1,794,526
Community Services	1,267,364
Food Service	5,707,364
Grant Expenditures	410,890
Self Insurance	1,000,000
Construction of Capital Assets	25,899,822
Pension Benefits	68,630,205
Unrestricted	(71,130,338)
Total Net Position	\$ 136,788,036

See accompanying Notes to Basic Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

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
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 136,106,661	\$ 1,017,924	\$ 55,237,707	\$ -	\$ (79,851,030)	
Support Services	116,421,430	389,939	28,953,323	16,342	(87,061,826)	
Community Services	3,003,388	28,153	636,018	-	(2,339,217)	
Nonprogram	47,524,211	-	797,860	-	(46,726,351)	
Interest and Fiscal Charges	2,543,428	-	-	-	(2,543,428)	
Total Governmental Activities	<u>\$ 305,599,118</u>	<u>\$ 1,436,016</u>	<u>\$ 85,624,908</u>	<u>\$ 16,342</u>	<u>(218,521,852)</u>	
GENERAL REVENUES						
					104,421,502	
					158,892,545	
					119,816	
					234,536	
					1,628,467	
					<u>265,296,866</u>	
CHANGE IN NET POSITION						
					46,775,014	
					90,013,022	
NET POSITION - END OF YEAR						
					<u>\$ 136,788,036</u>	

See accompanying Notes to Basic Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT
BALANCE SHEET — GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Capital Projects	Other Governmental Funds	Totals
ASSETS				
Cash and Investments	\$ 74,664,243	\$ 10,746,329	\$ 3,969,951	\$ 89,380,523
Receivables:				
Taxes	23,292,932	-	-	23,292,932
Accounts	292,026	267,043	1,216	560,285
Due from Other Funds	1,523,591	19,111,493	7,393,390	28,028,474
Due from Other Governments	10,765,627	-	1,147,183	11,912,810
Prepaid Supplies and Prepaid Items	5,103,860	-	14,210	5,118,070
Total Assets	<u>\$ 115,642,279</u>	<u>\$ 30,124,865</u>	<u>\$ 12,525,950</u>	<u>\$ 158,293,094</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 8,589,190	\$ 357,084	\$ 1,067,464	\$ 10,013,738
Accrued and Other Current Liabilities	9,048,846	-	-	9,048,846
Due to Other Funds	22,746,069	3,867,959	1,414,446	28,028,474
Unearned Revenues	3,806	-	47,975	51,781
Deposits Payable	2,913,923	-	-	2,913,923
Health and Dental Claims Payable	3,962,465	-	-	3,962,465
Total Liabilities	<u>47,264,299</u>	<u>4,225,043</u>	<u>2,529,885</u>	<u>54,019,227</u>
FUND BALANCES				
Nonspendable	5,103,860	-	14,210	5,118,070
Restricted	1,344,464	20,899,822	9,981,855	32,226,141
Assigned	7,685,586	5,000,000	-	12,685,586
Unassigned	54,244,070	-	-	54,244,070
Total Fund Balances	<u>68,377,980</u>	<u>25,899,822</u>	<u>9,996,065</u>	<u>104,273,867</u>
Total Liabilities and Fund Balances	<u>\$ 115,642,279</u>	<u>\$ 30,124,865</u>	<u>\$ 12,525,950</u>	<u>\$ 158,293,094</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, 2022**

Reconciliation to the Statement of Net Position

Total fund balances as shown on previous page \$ 104,273,867

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. 202,254,532

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

Loss on Advance Refunding	870,057
Deferred Outflows Related to Pensions	129,312,990
Deferred Inflows Related to Pensions	(162,817,875)
Deferred Outflows Related to Other Postemployment Benefits	9,791,314
Deferred Inflows Related to Other Postemployment Benefits	(35,640,462)

Long-term assets are not considered available; therefore, are not reported in the funds:

Net Pension Asset	68,630,205
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and Notes Payable	(94,390,000)
Debt Premium	(3,369,053)
Capital Leases	(3,454,637)
Compensated Absences	(556,015)
Other Postemployment Benefits Liability	(73,433,636)
Net Pension Liability	(4,165,588)
Accrued Interest on Long-Term Obligations	(517,663)
	(180,326,692)

Net Position of Governmental Activities as Reported on the Statement of Net Position

\$ 136,788,036

**RACINE UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	General	Capital Projects	Other Governmental Funds	Totals
REVENUES				
Property Taxes	\$ 83,973,943	\$ -	\$ 20,447,559	\$ 104,421,502
Other Local Sources	1,087,327	15,168	1,312,554	2,415,049
Interdistrict Sources	248,518	-	-	248,518
Intermediate Sources	65,505	-	-	65,505
State Sources	193,260,929	-	-	193,260,929
Federal Sources	38,202,119	-	11,974,608	50,176,727
Other Sources	1,065,563	-	711	1,066,274
Total Revenues	<u>317,903,904</u>	<u>15,168</u>	<u>33,735,432</u>	<u>351,654,504</u>
EXPENDITURES				
Instruction:				
Regular Instruction	94,735,219	-	99,346	94,834,565
Vocational Instruction	4,842,084	-	14,766	4,856,850
Special Education Instruction	37,137,258	-	-	37,137,258
Other Instruction	7,507,897	-	876,637	8,384,534
Total Instruction	<u>144,222,458</u>	<u>-</u>	<u>990,749</u>	<u>145,213,207</u>
Support Services:				
Pupil Services	18,245,371	-	288,168	18,533,539
Instructional Staff Services	17,754,557	-	492	17,755,049
General Administration Services	3,466,053	-	84,908	3,550,961
School Administration Services	12,890,802	-	256,714	13,147,516
Business Services	2,586,756	-	38,977	2,625,733
Operation and Maintenance of Plant	28,022,911	2,830,688	8,302,487	39,156,086
Pupil Transportation Services	9,945,784	-	72,642	10,018,426
Food Services	-	-	7,446,839	7,446,839
Central Services	2,662,842	-	42	2,662,884
Insurance	932,067	-	5,013	937,080
Other Support Services	5,476,690	-	2,609	5,479,299
Total Support Services	<u>101,983,833</u>	<u>2,830,688</u>	<u>16,498,891</u>	<u>121,313,412</u>
Debt Service:				
Principal	2,229,121	-	12,805,000	15,034,121
Interest and Fiscal Charges	130,698	-	2,953,417	3,084,115
Total Debt Service	<u>2,359,819</u>	<u>-</u>	<u>15,758,417</u>	<u>18,118,236</u>
Community Service	-	-	3,117,318	3,117,318
Nonprogram:				
General Tuition Payments	17,015,743	-	-	17,015,743
Special Education Tuition Payments	1,854,540	-	-	1,854,540
Adjustments and Refunds	65,187	-	-	65,187
Voucher Payments	28,470,996	-	-	28,470,996
Post-Secondary Scholarship Expenditures	-	-	117,745	117,745
Total Nonprogram	<u>47,406,466</u>	<u>-</u>	<u>117,745</u>	<u>47,524,211</u>
Total Expenditures	<u>295,972,576</u>	<u>2,830,688</u>	<u>36,483,120</u>	<u>335,286,384</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	21,931,328	(2,815,520)	(2,747,688)	16,368,120

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, 2022**

	General	Capital Projects	Other Governmental Funds	Totals
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	\$ 17,348	\$ 285,000	\$ -	\$ 302,348
Transfers In	70,635	13,696,416	1,617,000	15,384,051
Transfers Out	<u>(13,813,416)</u>	<u>-</u>	<u>(1,570,635)</u>	<u>(15,384,051)</u>
Total Other Financing Sources (Uses)	<u>(13,725,433)</u>	<u>13,981,416</u>	<u>46,365</u>	<u>302,348</u>
NET CHANGE IN FUND BALANCES	8,205,895	11,165,896	(2,701,323)	16,670,468
Fund Balances - Beginning of Year	<u>60,172,085</u>	<u>14,733,926</u>	<u>12,697,388</u>	<u>87,603,399</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 68,377,980</u></u>	<u><u>\$ 25,899,822</u></u>	<u><u>\$ 9,996,065</u></u>	<u><u>\$ 104,273,867</u></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, 2022**

Reconciliation to the Statement of Activities

Net change in fund balances as shown on previous page \$ 16,670,468

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	9,460,052
Depreciation Expense Reported in the Statement of Activities	(8,907,887)
Net Book Value of Disposals	(67,812)

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.

Principal Repaid	12,805,000
Capital Leases Paid	2,229,121

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	105,295
Amortization of Premiums, Discounts and Loss on Advance Refunding	435,392
Compensated Absences	29,134
Net Pension Asset	13,200,237
Net Pension Liability	507,908
Deferred Outflows of Resources Related to Pensions	42,160,416
Deferred Inflows of Resources Related to Pensions	(40,404,287)
Other Postemployment Benefits	4,494,546
Deferred Outflows of Resources Related to Other Postemployment Benefits	(1,211,042)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(4,731,527)

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	<u>\$ 46,775,014</u>
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**RACINE UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION — FIDUCIARY FUNDS
JUNE 30, 2022**

	<u>Employee Benefit Trust</u>	<u>Custodial Pupil Activity</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 6,432,405	\$ 52,782	\$ 6,485,187
Accounts Receivable	4,022,771	-	4,022,771
Total Assets	<u>10,455,176</u>	<u>52,782</u>	<u>10,507,958</u>
LIABILITIES			
Due to Student Organizations	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Restricted Individuals and Organizations	<u>\$ 10,455,176</u>	<u>\$ 52,782</u>	<u>\$ 10,507,958</u>

See accompanying Notes to Basic Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION — FIDUCIARY FUNDS
JUNE 30, 2022**

	Employee Benefit Trust	<u>Custodial</u> <u>Pupil Activity</u>	<u>Totals</u>
ADDITIONS			
Other Local Sources	\$ -	\$ 11,567	\$ 11,567
Employer Contributions	3,676,837	-	3,676,837
Investment Earnings	13,159	-	13,159
Other Miscellaneous Revenue	-	1,315	1,315
Total Additions	<u>3,689,996</u>	<u>12,882</u>	<u>3,702,878</u>
DEDUCTIONS			
Trust Fund Disbursements	3,484,950	-	3,484,950
Administrative Expenditures	10,671	-	10,671
Dues and Fees	-	455	455
Custodial Expenditures	-	23,993	23,993
Adjustments and Refunds	-	16,025	16,025
Total Deductions	<u>3,495,621</u>	<u>40,473</u>	<u>3,536,094</u>
CHANGE IN NET POSITION	194,375	(27,591)	166,784
Net Position - Beginning of Year	<u>10,260,801</u>	<u>80,373</u>	<u>10,341,174</u>
NET POSITION - END OF YEAR	<u>\$ 10,455,176</u>	<u>\$ 52,782</u>	<u>\$ 10,507,958</u>

See accompanying Notes to Basic Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022**

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.

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 60 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, 2022**

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, 2022**

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, 2022**

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, 2022**

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, 2022**

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.

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Wisconsin Retirement System

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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.

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), and 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, 2022**

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, 2022**

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, 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, 2022**

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 \$95,865,710 on June 30, 2022 as summarized below:

Petty Cash and Cash on Hand	\$	1,245
Deposits with Financial Institutions		17,250,144
Investments:		
Wisconsin Investment Series Cooperative (WISC)		78,322,916
Wisconsin Local Government Investment Pool		291,405
Total		<u>\$ 95,865,710</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:		
Cash and Investments	\$	89,380,523
Fiduciary Fund Statement of Net Position:		
Employee Benefit Trust		6,432,405
Pupil Activity Custodial Fund		52,782
Total		<u>\$ 95,865,710</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. The District currently has no investments that are subject to fair value measurement.

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.

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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, 2022, \$10,163,321 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.

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.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
WISC Investments:					
Cash Management Series	\$ 4,575,952	\$ -	\$ 4,575,952	\$ -	\$ -
Investment Series	73,004,045	-	73,004,045	-	-
Negotiable Certificates of Deposit	742,919	-	-	-	742,919
Wisconsin Local Government					
Investment Pool	291,405	-	-	-	291,405
Totals	<u>\$ 78,614,321</u>	<u>\$ -</u>	<u>\$ 77,579,997</u>	<u>\$ -</u>	<u>\$ 1,034,324</u>

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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
WISC Investments:					
Cash Management Series	\$ 4,575,952	\$ 4,575,952	\$ -	\$ -	\$ -
Investment Series	73,004,045	73,004,045	-	-	-
Negotiable Certificates of Deposit	742,919	742,919	-	-	-
Wisconsin Local Government					
Investment Pool	291,405	291,405	-	-	-
Totals	<u>\$ 78,614,321</u>	<u>\$ 78,614,321</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$78,322,916 at year-end consisting of \$4,575,952 invested in the Cash Management Series, \$73,004,045 invested in the Investment Series, and \$742,919 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.

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, 2022**

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 \$291,405 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, 2022, 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, 2022, the Wisconsin local government investment pool had a weighted average maturity of 31 days.

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 3,725,253	\$ -	\$ 67,812	\$ 3,657,441
Construction in Progress	16,572,290	8,526,853	23,627,431	1,471,712
Total Capital Assets, Nondepreciable	20,297,543	8,526,853	23,695,243	5,129,153
Capital Assets, Depreciable:				
Site Improvements	42,254,065	364,978	-	42,619,043
Buildings	208,630,947	23,726,916	-	232,357,863
Machinery and Equipment	36,535,847	468,736	13,068	36,991,515
Subtotals	287,420,859	24,560,630	13,068	311,968,421
Less Accumulated Depreciation for:				
Site Improvements	8,626,922	1,839,615	-	10,466,537
Buildings	75,160,676	4,385,063	-	79,545,739
Machinery and Equipment	22,160,625	2,683,209	13,068	24,830,766
Subtotals	105,948,223	8,907,887	13,068	114,843,042
Total Capital Assets, Depreciable, Net	181,472,636	15,652,743	-	197,125,379
Governmental Activities Capital Assets, Net	\$ 201,770,179	\$ 24,179,596	\$ 23,695,243	202,254,532
Less: Capital Related Debt				93,776,950
Less: Financed Purchased Lease Liability				3,454,637
Less: Debt Premium				3,313,311
Add: Deferred Charge on Refunding				(870,057)
Net Investment in Capital Assets				\$ 102,579,691

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

Governmental Activities:	
Instruction:	
Regular Instruction	\$ 11,912
Vocational Instruction	49,459
Special Education Instruction	7,844
Co-Curricular Activities	27,110
Support Services:	
Pupil Services	3,481
Instructional Staff Services	4,076
General Administration Services	1,129
School Administration Services	3,103
Operation and Maintenance of Plant	6,848,110
Pupil Transportation	27,039
Food Service	186,883
Central Services	1,161,738
Other Support Services	576,003
Total Depreciation Expense - Governmental Activities	\$ 8,907,887

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022 are detailed below:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Pooled Cash:		
Governmental Funds:		
General	\$ 1,523,591	\$ 22,746,069
Capital Projects	19,111,493	3,867,959
Other Governmental Funds:		
Nonreferendum Debt Service	-	947,359
Donations	1,544,305	-
Special Projects	250,352	467,087
Community Service	812,282	-
Food Service	4,786,451	-
Totals	<u>\$ 28,028,474</u>	<u>\$ 28,028,474</u>

Interfund transfers for the year ended June 30, 2022 were as follows:

<u>Funds</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 70,635	\$ 13,813,416
Capital Projects	13,696,416	-
Other Governmental Funds		
Nonreferendum Debt Service	1,617,000	-
Special Projects	-	14,322
Community Service	-	1,556,313
Total	<u>\$ 15,384,051</u>	<u>\$ 15,384,051</u>

Interfund transfers were made for the following purposes:

Debt Service Payments	\$ 1,617,000
Indirect Costs	70,635
Future Capital Expenditures	13,696,416
Total	<u>\$ 15,384,051</u>

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2022:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 87,220,000	\$ -	\$ 8,420,000	\$ 78,800,000	\$ 9,495,000
Notes	19,975,000	-	4,385,000	15,590,000	3,700,000
Total General Obligation Debt	107,195,000	-	12,805,000	94,390,000	13,195,000
Debt Premium	3,874,777	-	505,724	3,369,053	505,724
Lease Liability - Financed Purchased	5,683,758	-	2,229,121	3,454,637	1,442,067
Compensated Absences	585,149	-	29,134	556,015	102,628
Governmental Activities Long-Term Obligations	<u>\$ 117,338,684</u>	<u>\$ -</u>	<u>\$ 15,568,979</u>	<u>\$ 101,769,705</u>	<u>\$ 15,245,419</u>

Total interest paid during the year on long-term debt totaled \$2,949,029.

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 6/30/22
General Obligation Bonds:					
Refunding Bonds	06/10/13	04/01/27	3.375%	\$ 2,020,000	\$ 915,000
Refunding Bonds	04/06/15	04/01/24	2.00 - 3.00%	8,980,000	3,770,000
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	10,245,000
School Building & Improvement	05/15/17	04/01/34	2.00 - 3.00%	8,000,000	5,850,000
School Building & Improvement	01/08/18	04/01/37	3.125 - 5.00%	14,600,000	1,250,000
School Building & Improvement	03/26/18	04/01/37	3.00 - 5.00%	29,925,000	21,005,000
Refunding Bonds	02/16/21	04/01/31	1.00 - 3.00%	14,375,000	13,875,000
Refunding Bonds	10/19/20	04/01/37	0.60 - 2.22%	12,570,000	12,190,000
Subtotal					<u>78,800,000</u>
General Obligation Notes:					
Promissory Notes	06/10/13	04/01/23	1.00 - 3.00%	21,735,000	2,145,000
Promissory Notes	10/19/20	04/01/29	2.00%	16,500,000	13,445,000
Subtotal					<u>15,590,000</u>
Total Outstanding General Obligation Debt					<u>\$ 94,390,000</u>

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 \$94,390,000 on June 30, 2022 are detailed below:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 13,195,000	\$ 2,517,513	\$ 15,712,513
2024	13,270,000	2,133,183	15,403,183
2025	11,965,000	1,760,912	13,725,912
2026	10,510,000	1,435,934	11,945,934
2027	11,075,000	1,211,330	12,286,330
2028-2032	24,810,000	2,553,140	27,363,140
2033-2037	9,565,000	679,637	10,244,637
Total	<u>\$ 94,390,000</u>	<u>\$ 12,291,649</u>	<u>\$ 106,681,649</u>

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2022 was \$1,146,837,320 as follows:

Equalized Valuation of the District	\$ 12,412,273,200
Statutory Limitation Percentage	<u>(x) 10%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	1,241,227,320
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>94,390,000</u>
Legal Margin for New Debt	<u>\$ 1,146,837,320</u>

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Leases

Lease Liability: Financed Purchases

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	\$ 9,271,619
Less: Accumulated Depreciation	(5,822,715)
Total	\$ 3,448,904

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022 were as follows:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,442,067	\$ 67,644	\$ 1,509,712
2024	1,406,125	32,423	1,438,548
2025	606,444	3,406	609,850
Total	\$ 3,454,637	\$ 103,473	\$ 3,558,110

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans

The District reports pension related balances as of and for the year ended June 30, 2022, as summarized below:

	Pension Asset	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Expense (Revenue)
Wisconsin Retirement System (WRS)	\$ 68,630,205	\$ -	\$ 128,828,496	\$ 161,811,818	\$ (5,997,054)
Supplemental or Stipend Pension Plan	-	4,165,588	484,494	1,006,057	213,721
Total Pension Liability	<u>\$ 68,630,205</u>	<u>\$ 4,165,588</u>	<u>\$ 129,312,990</u>	<u>\$ 162,817,875</u>	<u>\$ (5,783,333)</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, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. 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>
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	-	(10)
2020	1.7	21
2021	5.1	13

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. 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, 2022, the WRS recognized \$9,702,229 in contributions from the District.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives and Elected Officials)	6.50 %	6.50 %

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

At June 30, 2022, the District reported an asset of \$68,630,205 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.8514194%, which was a decrease of 0.03638224% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension revenue of \$5,997,054.

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. 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, 2022, 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	\$ 110,868,626	\$ 7,994,825
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	153,531,474
Changes in Assumptions	12,804,048	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	205,781	285,519
Employer Contributions Subsequent to the Measurement Date	<u>4,950,041</u>	<u>-</u>
Total	<u>\$ 128,828,496</u>	<u>\$ 161,811,818</u>

\$4,950,041 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2023	\$ (3,238,064)
2024	(18,678,828)
2025	(8,192,981)
2026	<u>(7,823,490)</u>
Total	<u>\$ (37,933,363)</u>

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018- December 31, 2021 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:	
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. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Long-Term Expected Return on Plan Assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

Actuarial Assumptions (Continued)

	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Core Fund Asset Class			
Global Equities	52.0 %	6.8 %	4.2 %
Fixed Income	25.0	4.3	1.8
Inflation Sensitive Assets	19.0	2.7	0.2
Real Estate	7.0	5.6	3.0
Private Equity/Debt	12.0	9.7	7.1
Cash	(15.0)	0.9	N/A
Total Core Fund	<u>100.0 %</u>	6.6 %	4.0 %
Variable Fund Asset Class			
U.S. Equities	70.0 %	6.2 %	3.7 %
International Equities	30.0	7.2	4.6
Total Variable Fund	<u>100.0 %</u>	6.8 %	4.2 %

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, as opposed to a discount rate of 7.0% for the prior year. 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 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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)	\$ 48,697,996	\$ (68,630,205)	\$ (153,084,679)

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

At June 30, 2022, the District reported a payable of \$1,868,195 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2022.

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, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. 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, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	65
Active Employees	220
Total	<u>285</u>

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

<u>Component</u>	<u>Amount</u>
Total Pension Liability at July 1, 2021	\$ 4,673,496
Changes for the Year:	
Service Cost	186,441
Interest	98,006
Benefit Payments	(272,351)
Effective of Assumption Changes	(520,004)
Net Changes	<u>(507,908)</u>
Total Pension Liability at June 30, 2022	<u>\$ 4,165,588</u>

For the year ended June 30, 2022, the District recognized pension expense \$213,721.

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. 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, 2022, 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	\$ 31,268	\$ 263,081
Changes in Assumptions	453,226	742,976
Total	\$ 484,494	\$ 1,006,057

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
2023	\$ (70,726)
2024	(70,726)
2025	(70,726)
2026	(70,726)
2027	(70,726)
Thereafter	(167,933)
Total	\$ (521,563)

Actuarial Assumptions

The District's total pension liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to a measurement date of June 30, 2022.

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry age normal
Amortization Method	Straight Line
Actuarial Assumptions:	
Discount Rate	3.54%
Inflation	2.25%

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plans (Continued)

2. Supplemental or Stipend Pension Plan (Continued)

Actuarial Assumptions (Continued)

Single Discount Rate. A single discount rate of 3.54% 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, 2022 calculated using the discount rate of 3.54%, 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 (2.54%) or 1-percentage-point higher (4.54%) than the current rate.

	1% Decrease to Discount Rate (2.54%)	Current Discount Rate (3.54%)	1% Increase to Discount Rate (4.54%)
Total Pension Liability	\$ 4,595,090	\$ 4,165,588	\$ 3,802,130

Payable to the Supplemental Pension Plan

At June 30, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2022.

F. Other Postemployment Benefits

The District reports OPEB related balances as of and for the year ended June 30, 2022 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Expense
Local Retiree Life Insurance Fund (LRLIF)	\$ 10,888,319	\$ 3,431,401	\$ 1,669,516	\$ 1,223,101
Single-Employer Defined OPEB Plan	62,545,317	6,359,913	33,970,946	4,691,936
Total OPEB Liability	\$ 73,433,636	\$ 9,791,314	\$ 35,640,462	\$ 5,915,037

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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, 2022 the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefit Payments	256
Active Employees	<u>1,995</u>
Total	<u><u>2,251</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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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, 2021 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:	3.54%
Healthcare Cost Trend Rates:	Level at 5.0%
Dental Cost Trend Rates:	Level at 3.0%

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, 2021 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 3.54%. 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 3.54%. 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, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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, 2021	\$ 77,620,210	\$ 10,260,802	\$ 67,359,408
Changes for the Year:			
Service Cost	5,824,101	-	5,824,101
Interest	1,630,717	-	1,630,717
Contributions - Employer	-	4,429,308	(4,429,308)
Net Investment Income	-	13,158	(13,158)
Benefit Payments	(4,248,092)	(4,248,092)	-
Effective of Assumption Changes	(7,826,443)	-	(7,826,443)
Effective of Plan Changes	-	-	-
Administrative Costs	-	-	-
Difference Between Expected and Actual Experience	-	-	-
Net Changes	<u>(4,619,717)</u>	<u>194,374</u>	<u>(4,814,091)</u>
Balance at June 30, 2022	<u>\$ 73,000,493</u>	<u>\$ 10,455,176</u>	<u>\$ 62,545,317</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 (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease to Discount Rate (2.54%)	Current Discount Rate (3.54%)	1% Increase to Discount Rate (4.54%)
Net OPEB Liability	<u>\$ 68,697,733</u>	<u>\$ 62,545,317</u>	<u>\$ 56,894,373</u>

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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:

	<u>1% Decrease (Varies)</u>	<u>Healthcare Cost Trend Rates (Varies)</u>	<u>1% Increase (Varies)</u>
Net OPEB Liability	\$ 53,886,251	\$ 62,545,317	\$ 72,863,834

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 14.32% of the total OPEB liability.

Investments. The Plan does not have a separate investment policy from the District. At June 30, 2022, 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, 2022 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, 2022, the annual money-weighted rate of return, net of investment expenses, was .02%, 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, 2022, the District recognized OPEB expense of \$4,691,936. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 8,843,178
Changes in Assumptions	5,795,845	25,127,768
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	564,068	-
Total	<u>\$ 6,359,913</u>	<u>\$ 33,970,946</u>

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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>
2023	\$ (2,433,431)
2024	(2,471,385)
2025	(2,511,201)
2026	(2,567,771)
2027	(2,636,964)
Thereafter	<u>(14,990,281)</u>
Total	<u>\$ (27,611,033)</u>

Payable to the OPEB Plan

At June 30, 2022, the District reported a payable of \$0 for the outstanding amount of contribution to the Plan required for the year ended June 30, 2022.

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, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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, 2022 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, 2021 are listed below:

Life Insurance Member Contribution Rates For the Year Ended December 31, 2021		
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, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

During the year ending June 30, 2022, LRLIF recognized \$36,634 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, 2022, the District reported a liability of \$10,888,319 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or 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, 2021, the District's proportion was 1.84224000%, which was a decrease of 0.07910300% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense (revenue) of \$1,223,101.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 553,883
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	141,665	-
Changes in Assumptions	3,289,736	527,762
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	587,871
Total	<u>\$ 3,431,401</u>	<u>\$ 1,669,516</u>

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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:

Year Ended June 30,	Expense
2023	\$ 403,368
2024	386,934
2025	343,386
2026	492,721
2027	179,252
Thereafter	(43,776)
Total	\$ 1,761,885

Actuarial Assumptions. The total OPEB liability in the January 1, 2020 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, 2021
Measurement Date of Net OPEB Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018- December 31, 2021 Published November 19, 2021
Actuarial Cost Method:	Entry age normal
20-Year Tax-Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

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

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return Percent</u>
U.S. Intermediate Credit Bonds	Bloomberg US Interim Credit	45.0 %	1.68%
U.S. Long Credit Bonds	Bloomberg US Long Credit	5.0 %	1.82%
U.S. Mortgages	Bloomberg US MBS	50.0 %	1.94%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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 increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. 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 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and 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 2.17%, 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 (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
District's Proportionate Share of the Net OPEB Liability	\$ 14,771,524	\$ 10,888,319	\$ 7,966,368

Payable to the OPEB Plan

At June 30, 2022, the District reported a payable of \$-0- for the outstanding amount of contribution to the Plan required for the year ended June 30, 2022.

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. 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, 2022, nonspendable fund balance was as follows:

	General	Nonmajor
Nonspendable:		
Prepaid Supplies an Prepaid Items	\$ 5,103,860	\$ 14,210

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, 2022, restricted fund balance was as follows:

General Fund:	
Restricted for:	
Grant Expenditures - Common School Funds	\$ 103,116
Grant Expenditures - Get Kids Ahead	241,348
Self Insurance	1,000,000
Total General Fund Restricted Fund Balance	1,344,464
Special Revenue Funds:	
Restricted for:	
Private Gifts and Donations Designations	1,794,526
Grant Expenditures	66,426
Community Service Programs	1,267,364
Food Service	5,707,364
Total Special Revenue Funds Restricted Fund Balance	8,835,680
Debt Service Funds:	
Restricted for:	
Nonreferendum	1,146,175
Capital Projects Fund:	
Restricted for Construction of Capital Assets	20,899,822
Total Restricted Fund Balance	\$ 32,226,141

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. 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, 2022, fund balance was assigned as follows:

General Fund:

Assigned for:

Capital Projects	\$ 6,085,586
Subsequent Years' Expenditures	<u>1,600,000</u>
Subtotal	<u>7,685,586</u>

Capital Projects Fund:

Assigned for Subsequent Year's Expenditures	<u>5,000,000</u>
Total	<u><u>\$ 12,685,586</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 2022-2023 General Fund Expenditures	\$ 316,241,762
Minimum Fund Balance Percent	(x) 15 - 20%
Minimum Fund Balance Amount	<u><u>\$47,436,264 - \$63,248,352</u></u>

The District's General Fund balance of \$54,244,070 is within 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, 2022**

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 workers' compensation benefit plan for its employees. The Plan administrator, Hays Corporation (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, 2022.

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, 2022, the District has reported a liability of \$3,962,465 which represents reported and unreported claims which were incurred on or before June 30, 2022, 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, 2021 and June 30, 2022 are as follows:

	Liability July 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability June 30
2022	\$ 3,937,633	\$ 37,341,672	\$ 37,316,840	\$ 3,962,465
2021	\$ 3,155,733	\$ 38,266,177	\$ 37,484,277	\$ 3,937,633

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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, 2021 and are unsecured. There was no balance outstanding on this line of credit as of June 30, 2022, nor was there any amounts borrowed during the period 7/1/2021-6/30/2022.

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, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 83,973,943	\$ 83,973,943	\$ 83,973,943	\$ -
Other Local Sources	775,700	692,700	1,084,213	391,513
Interdistrict Sources	247,568	247,568	248,496	928
Intermediate Sources	35,145	35,145	65,505	30,360
State Sources	178,764,412	177,538,731	178,130,556	591,825
Federal Sources	33,767,404	32,973,284	31,912,302	(1,060,982)
Other Sources	310,750	142,250	1,065,563	923,313
Total Revenues	<u>297,874,922</u>	<u>295,603,621</u>	<u>296,480,578</u>	<u>876,957</u>
EXPENDITURES				
Instruction				
Regular Instruction	98,730,895	97,062,982	94,735,219	2,327,763
Vocational Instruction	5,807,834	5,012,797	4,758,164	254,633
Other Instruction	7,498,016	7,536,103	7,423,535	112,568
Total Instruction	<u>112,036,745</u>	<u>109,611,882</u>	<u>106,916,918</u>	<u>2,694,964</u>
Support Services				
Pupil Services	12,702,438	12,341,291	11,283,051	1,058,240
Instructional Staff Services	17,707,321	16,700,118	15,141,392	1,558,726
General Administration Services	3,457,169	3,574,169	3,465,250	108,919
School Administration Services	12,994,057	12,638,648	12,890,802	(252,154)
Business Services	2,672,792	2,672,792	2,509,900	162,892
Operations and Maintenance of Plant	34,528,099	35,983,936	28,020,511	7,963,425
Pupil Transportation Services	7,038,875	6,292,938	6,246,654	46,284
Central Services	3,258,488	2,852,254	2,657,059	195,195
Insurance	898,586	669,742	705,829	(36,087)
Other Support Services	7,623,913	6,704,595	5,472,945	1,231,650
Total Support Services	<u>102,881,738</u>	<u>100,430,483</u>	<u>88,393,393</u>	<u>12,037,090</u>
Debt Service				
Principal	2,229,121	2,229,121	2,229,121	-
Interest and Fiscal Charges	133,197	133,197	130,698	2,499
Total Debt Service	<u>2,362,318</u>	<u>2,362,318</u>	<u>2,359,819</u>	<u>2,499</u>
Nonprogram				
General Tuition Payments	16,899,157	17,404,695	17,015,743	388,952
Adjustments and Refunds	63,000	63,000	65,187	(2,187)
Voucher Payments	28,982,211	28,982,211	28,470,996	511,215
Total Nonprogram	<u>45,944,368</u>	<u>46,449,906</u>	<u>45,551,926</u>	<u>897,980</u>
Total Expenditures	<u>263,225,169</u>	<u>258,854,589</u>	<u>243,222,056</u>	<u>15,632,533</u>
EXCESS OF REVENUES OVER EXPENDITURES	34,649,753	36,749,032	53,258,522	16,509,490
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	17,348	17,348
Transfers In	248,173	162,221	196,707	34,486
Transfers Out	(43,756,486)	(43,470,699)	(45,266,682)	(1,795,983)
Total Other Financing Sources (Uses)	<u>(43,508,313)</u>	<u>(43,308,478)</u>	<u>(45,052,627)</u>	<u>(1,744,149)</u>
NET CHANGE IN FUND BALANCE	(8,858,560)	(6,559,446)	8,205,895	14,765,341
Fund Balance - Beginning of Year	60,172,085	60,172,085	60,172,085	-
FUND BALANCE - END OF YEAR	\$ 51,313,525	\$ 53,612,639	\$ 68,377,980	\$ 14,765,341

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, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Other Local Sources	\$ -	\$ -	\$ 3,114	\$ 3,114
Interdistrict Sources	-	-	22	22
State Sources	14,641,122	14,915,196	15,130,373	215,177
Federal Sources	7,828,447	7,120,783	6,289,817	(830,966)
Total Revenues	<u>22,469,569</u>	<u>22,035,979</u>	<u>21,423,326</u>	<u>(612,653)</u>
EXPENDITURES				
Instruction				
Vocational Instruction	82,782	88,189	83,920	4,269
Special Education Instruction	38,211,617	38,247,480	37,137,258	1,110,222
Other Instruction	85,035	85,035	84,362	673
Total Instruction	<u>38,379,434</u>	<u>38,420,704</u>	<u>37,305,540</u>	<u>1,115,164</u>
Support Services				
Pupil Services	7,157,977	7,139,440	6,962,320	177,120
Instructional Staff Services	2,904,321	2,854,904	2,613,165	241,739
General Administration Services	20,000	10,000	803	9,197
Business Services	94,556	94,556	76,856	17,700
Operations and Maintenance of Plant	10,000	2,500	2,400	100
Pupil Transportation Services	4,595,108	4,128,625	3,699,130	429,495
Central Services	50,800	10,800	5,783	5,017
Insurance	465,919	232,075	226,238	5,837
Other Support Services	5,035	5,035	3,745	1,290
Total Support Services	<u>15,303,716</u>	<u>14,477,935</u>	<u>13,590,440</u>	<u>887,495</u>
Nonprogram				
Special Education Tuition Payments	1,709,091	1,841,641	1,854,540	(12,899)
Total Expenditures	<u>55,392,241</u>	<u>54,740,280</u>	<u>52,750,520</u>	<u>1,989,760</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	(32,922,672)	(32,704,301)	(31,327,194)	1,377,107
OTHER FINANCING SOURCES (USES)				
Transfers In	33,148,012	32,850,229	31,453,266	(1,396,963)
Transfers Out	(225,340)	(145,928)	(126,072)	19,856
Total Other Financing Sources (Uses)	<u>32,922,672</u>	<u>32,704,301</u>	<u>31,327,194</u>	<u>(1,377,107)</u>
NET CHANGE IN FUND BALANCE				
	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Notes to Required Supplementary Information.

**RACINE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS***

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service Cost	\$ 5,824,101	\$ 4,802,779	\$ 4,749,957	\$ 4,886,398	\$ 6,594,042	\$ 6,789,109
Interest	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	-	(8,453,697)	-	(2,256,801)	-	-
Changes of Assumptions	(7,826,443)	6,775,701	-	(25,016,422)	-	-
Benefit Payments	(4,248,092)	(4,131,874)	(4,767,980)	(4,597,846)	(5,133,501)	(5,085,310)
Net Change in Total OPEB Liability	(4,619,717)	(1,840,499)	2,834,440	(23,781,077)	4,527,725	4,644,525
Total OPEB Liability - Beginning	77,620,210	79,460,709	76,626,269	100,407,346	95,879,621	91,235,096
Total OPEB Liability - Ending (a)	<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	\$ 4,429,308	\$ 4,376,206	\$ 4,994,169	\$ 4,817,172	\$ 5,404,302	\$ 5,313,306
Net Investment Income	13,158	65,816	136,771	133,828	118,463	51,804
Benefit Payments	(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	194,374	299,065	362,960	353,154	350,842	279,800
Plan Fiduciary Net Position - Beginning	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>\$ 10,455,176</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>\$ 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	14.32%	13.22%	12.54%	12.53%	9.21%	9.28%
Covered-Employee Payroll	\$ 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	44.30%	47.06%	49.52%	47.08%	67.19%	60.95%
Annual Money-Weighted Rate of Return on Net Investment Expenses	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 FISCAL YEARS***

	2022	2021	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ 9,608,302	\$ 11,278,214	\$ 9,609,579	\$ 9,750,795	\$ 12,151,576	\$ 12,352,496
Contributions in Relation to the ADC	4,429,308	4,376,206	4,997,089	4,814,252	5,404,302	5,313,306
Contribution Deficiency (Excess)	\$ 5,178,994	\$ 6,902,008	\$ 4,612,490	\$ 4,936,543	\$ 6,747,274	\$ 7,039,190
Covered-Employee Payroll	\$ 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	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
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value
Amortization Method	Straight Line	Straight Line	18 year Level Dollar	21 year Level Dollar
Discount Rate	3.54%	2.16%	3.50%	3.00%
Asset Earnings Rate	3.50%	3.50%	3.50%	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

**SCHEDULE OF CONTRIBUTIONS —
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

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

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

**SCHEDULE OF CONTRIBUTIONS —
LOCAL RETIREE LIFE INSURANCE FUND
LAST 10 FISCAL YEARS**

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

See Notes to Required Supplementary Information.

**RACINE UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS —
SUPPLEMENTAL PENSION
LAST 10 FISCAL YEARS***

	2022	2021	2020	2019	2018	2017
Total Pension Liability						
Service Cost	\$ 186,441	\$ 143,056	\$ 147,927	\$ 153,709	\$ 204,839	\$ 218,464
Interest	98,006	148,501	151,844	150,033	132,981	131,604
Differences Between Expected and Actual Experience	-	(332,681)	-	52,116	-	-
Changes in Assumptions	(520,004)	573,128	-	(462,943)	-	-
Benefit Payments	(272,351)	(202,796)	(200,900)	(191,284)	(205,636)	(216,497)
Net Change in Total Pension Liability	(507,908)	329,208	98,871	(298,369)	132,184	133,571
Total Pension Liability - Beginning	4,673,496	4,344,288	4,245,417	4,543,786	4,411,602	4,278,031
Total Pension Liability - Ending	<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	\$ 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	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, 2022**

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, 2022**

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 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, 2022**

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, 2022.

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

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)	\$ 296,480,578	\$ 21,423,326
Reclassification of Special Education	<u>21,423,326</u>	<u>(21,423,326)</u>
Total Revenues	317,903,904	-
Expenditures		
Actual Amounts (Budgetary Basis)	243,222,056	52,750,520
Reclassification of Special Education	<u>52,750,520</u>	<u>(52,750,520)</u>
Total Expenditures	<u>295,972,576</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		
Actual Amounts (Budgetary Basis)	53,258,522	(31,327,194)
Reclassification of Special Education	<u>(31,327,194)</u>	<u>31,327,194</u>
Excess of Revenues Over (Under) Expenditures	21,931,328	-
Other Financing Sources (Uses)		
Actual Amounts (Budgetary Basis)	(45,052,627)	31,327,194
Reclassification of Special Education	<u>31,327,194</u>	<u>(31,327,194)</u>
Total Other Financing Sources (Uses)	<u>(13,725,433)</u>	<u>-</u>
Net Change in Fund Balance		
Actual Amounts (Budgetary Basis)	8,205,895	-
Fund Balance - July 1		
Actual Amounts (Budgetary Basis)	<u>60,172,085</u>	<u>-</u>
Fund Balance - June 30		
Actual Amounts (Budgetary Basis)	<u>\$ 68,377,980</u>	<u>\$ -</u>

**RACINE UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

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, 2022 as follows:

Funds	Excess Expenditures
General Fund:	
Support Services:	
School Administration Services	\$ 252,154
Insurance	36,087
Nonprogram:	
Adjustments and Refunds	2,187
Special Education Fund:	
Nonprogram:	
Special Education Tuition Payments	12,899

SUPPLEMENTARY INFORMATION

**RACINE UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue				Debt Service	Total Nonmajor Governmental Funds
	Donations	Special Projects	Community Service	Food Service	Nonreferendum Debt Service	
ASSETS						
Cash and Investments	\$ 289,353	\$ -	\$ -	\$ 1,586,589	\$ 2,094,009	\$ 3,969,951
Receivables:						
Accounts	1,027	-	-	189	-	1,216
Due from Other Funds	1,544,305	250,352	812,282	4,786,451	-	7,393,390
Due from Other Governments	-	297,153	519,033	330,997	-	1,147,183
Inventories and Prepaid Items	100	-	830	13,280	-	14,210
	<u>1,834,785</u>	<u>547,505</u>	<u>1,332,145</u>	<u>6,717,506</u>	<u>2,094,009</u>	<u>12,525,950</u>
Total Assets	\$ 1,834,785	\$ 547,505	\$ 1,332,145	\$ 6,717,506	\$ 2,094,009	\$ 12,525,950
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 40,159	\$ 13,992	\$ 63,951	\$ 948,887	\$ 475	\$ 1,067,464
Due to Other Funds	-	467,087	-	-	947,359	1,414,446
Unearned Revenues	-	-	-	47,975	-	47,975
Total Liabilities	<u>40,159</u>	<u>481,079</u>	<u>63,951</u>	<u>996,862</u>	<u>947,834</u>	<u>2,529,885</u>
FUND BALANCES						
Nonspendable	100	-	830	13,280	-	14,210
Restricted	1,794,526	66,426	1,267,364	5,707,364	1,146,175	9,981,855
Total Fund Balances	<u>1,794,626</u>	<u>66,426</u>	<u>1,268,194</u>	<u>5,720,644</u>	<u>1,146,175</u>	<u>9,996,065</u>
Total Liabilities and Fund Balances	\$ 1,834,785	\$ 547,505	\$ 1,332,145	\$ 6,717,506	\$ 2,094,009	\$ 12,525,950

**RACINE UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Special Revenue			Debt Service		Total Nonmajor Governmental Funds
	Donations	Special Projects	Community Service	Food Service	Nonreferendum Debt Service	
REVENUES						
Property Taxes	\$ -	\$ -	\$ 6,907,986	\$ -	\$ 13,539,573	\$ 20,447,559
Other Local Sources	1,228,175	-	28,153	52,403	3,823	1,312,554
Federal Sources	-	659,527	576,700	10,738,381	-	11,974,608
Other Sources	-	-	-	711	-	711
Total Revenues	1,228,175	659,527	7,512,839	10,791,495	13,543,396	33,735,432
EXPENDITURES						
Instruction						
Regular Instruction	99,346	-	-	-	-	99,346
Vocational Instruction	14,766	-	-	-	-	14,766
Other Instruction	449,937	426,700	-	-	-	876,637
Total Instruction	564,049	426,700	-	-	-	990,749
Support Services						
Pupil Services	112,794	175,374	-	-	-	288,168
Instructional Staff Services	357	135	-	-	-	492
General Administration Services	72,412	-	12,496	-	-	84,908
School Administration Services	46,137	-	210,577	-	-	256,714
Business Services	38,238	-	-	739	-	38,977
Operation and Maintenance of Plant	-	-	7,681,414	621,073	-	8,302,487
Pupil Transportation Services	27,199	42,996	2,447	-	-	72,642
Food Services	-	-	-	7,446,839	-	7,446,839
Central Services	42	-	-	-	-	42
Insurance	-	-	5,013	-	-	5,013
Other Support Services	-	-	1,765	844	-	2,609
Total Support Services	297,179	218,505	7,913,712	8,069,495	-	16,498,891
Debt Service						
Principal	-	-	-	-	12,805,000	12,805,000
Interest and Fiscal Charges	-	-	-	-	2,953,417	2,953,417
Total Debt Service	-	-	-	-	15,758,417	15,758,417
Community Service	-	-	3,117,318	-	-	3,117,318
Nonprogram						
Post-Secondary Scholarship Expenditures	117,745	-	-	-	-	117,745
Total Expenditures	978,973	645,205	11,031,030	8,069,495	15,758,417	36,483,120
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	249,202	14,322	(3,518,191)	2,722,000	(2,215,021)	(2,747,688)
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	1,617,000	1,617,000
Transfers Out	-	(14,322)	(1,556,313)	-	-	(1,570,635)
Total Other Financing Sources (Uses)	-	(14,322)	(1,556,313)	-	1,617,000	46,365
NET CHANGE IN FUND BALANCES	249,202	-	(5,074,504)	2,722,000	(598,021)	(2,701,323)
Fund Balance - Beginning of Year	1,545,424	66,426	6,342,698	2,998,644	1,744,196	12,697,388
FUND BALANCE - END OF YEAR	<u>\$ 1,794,626</u>	<u>\$ 66,426</u>	<u>\$ 1,268,194</u>	<u>\$ 5,720,644</u>	<u>\$ 1,146,175</u>	<u>\$ 9,996,065</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, 2022, 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, 2022.

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.

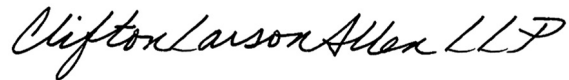
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Milwaukee, Wisconsin
December 15, 2022

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, 2022. 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, 2022.

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; and 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

Milwaukee, Wisconsin
December 15, 2022

**RACINE UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/21	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/22	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>Child Nutrition Cluster</i>								
COVID-19 School Breakfast Program	10.553	WI DPI	2022-514620-DPI-SB-SEVERE-546	\$ -	\$ 2,277,460	\$ 67,925	\$ 2,345,385	\$ -
COVID-19 National School Lunch Program	10.555	WI DPI	2022-514620-DPI-NSL-547	-	6,939,395	158,551	7,097,946	-
Donated Commodities 21-22	10.555	WI DPI	2022-514620-DPI-NSL-547	-	841,754	-	841,754	-
Total National School Lunch Program				-	7,781,149	158,551	7,939,700	-
COVID 19- NSL Snack Program	10.555	WI DPI	2020-514620-DPI-SK_NSL-561	(1,640)	1,640	-	-	-
NSL Area Eligible Snack Program	10.555	WI DPI	2019-514620-NSL-Snacks-566	-	-	-	-	-
COVID-19 NSL Area Eligible Snack Program	10.555	WI DPI	2021-514620-DPI-NSLAE-566	(2,925)	2,925	-	-	-
COVID-19 NSL Area Eligible Snack Program	10.555	WI DPI	2022-514620-DPI-SK_NSLAE-561	-	64,801	12,149	76,950	-
Total NSL Area Eligible Snack Program				(2,925)	67,726	12,149	76,950	-
COVID-19 Summer Food Service Program for Children	10.559	WI DPI	2021-514620-DPI-SFSP-566	(238,361)	238,361	-	-	-
COVID-19 Summer Food Service Program for Children	10.559	WI DPI	2022-514620-DPI-SFSP-561	-	142,076	61,952	204,028	-
Total NSL Summer Food Service Program for Children				(238,361)	380,437	61,952	204,028	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2021-514620-DPI-FFVPOCTPUB-594	(15,275)	15,275	-	-	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2022-514620-DPI-FFVP-July-594	-	8,093	-	8,093	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2022-514620-DPI-FFVP-Oct-376	-	100,483	26,103	126,586	-
Total Fresh Fruit and Vegetable Program				(15,275)	123,851	26,103	134,679	-
<i>Total Child Nutrition Cluster</i>				(258,201)	10,632,263	326,680	10,700,742	-
Child and Adult Care Food Program	10.558	WI DPI	2021-514620-DPI-AR-566	(1,427)	1,427	-	-	-
Child and Adult Care Food Program	10.558	WI DPI	2022-514620-DPI-AR-561	-	33,321	4,316	37,637	-
Total Child and Adult Care Food Program				(1,427)	34,748	4,316	37,637	-
Total U.S. Department of Agriculture				(259,628)	10,667,011	330,996	10,738,379	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2021-514620-DPI-TI-D N&D-144	(12,033)	12,033	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-514620-DPI-TID-144	-	28,928	12,821	41,749	-
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2021-514620-DPI-TIA-141	(2,071,434)	2,071,434	-	-	-
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2022-514620-DPI-TIA-141	-	4,980,939	2,427,446	7,408,385	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2021-514620-DPI-CSI-148	(266,695)	266,695	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-514620-DPI-CSI-148	-	248,259	90,121	338,380	-
Total Title I Grants to Local Educational Agencies				(2,350,162)	7,608,288	2,530,388	7,788,514	-
<i>Special Education Cluster (IDEA)</i>								
Special Education Grants to States	84.027A	WI DPI	2021-514620-DPI-IDEA-FT-341	(1,395,438)	1,395,438	-	-	-
Special Education Grants to States	84.027A	WI DPI	2022-514620-DPI-FLOW-341	-	2,926,142	779,644	3,705,786	-
Special Education Grants to States FT	84.027X	WI DPI	2022-514620-DPI-FLOW-344	-	657,090	-	657,090	-
Special Education Grants to States	84.027A	WI DPI	2021-514620-DPI-IDEA-FT-341	(307,079)	307,079	-	-	-
Special Education Grants to States	84.027A	WI DPI	2022-514620-DPI-FLOW-341	-	234,275	259,098	493,373	-
Special Education Grants to States CCEIS	84.027X	WI DPI	2022-514620-DPI-FLOW-344	-	378,894	-	378,894	-
Total Special Education Grants to States				(1,702,517)	5,898,918	1,038,742	5,235,143	-
Special Education Preschool Grants	84.173A	WI DPI	2022-514620-DPI-PRESCH-347	(101,353)	101,353	-	-	-
Special Education Preschool Grants	84.173A	WI DPI	2022-514620-DPI-PRESCH-347	-	51,738	66,382	118,120	-
Special Education Preschool Grants	84.173X	WI DPI	2022-514620-DPI-PRESCH-346	-	117,467	-	117,467	-
Total Special Education Cluster (IDEA)				(1,803,870)	6,169,476	1,105,124	5,470,730	-
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2021-514620-DPI-EHCY-335	(61,467)	61,467	-	-	-
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2022-514620-DPI-CTE-400	-	163,727	87,427	251,154	-
Total Career and Technical Education - Basic Grants to States				(61,467)	225,194	87,427	251,154	-

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, 2022**

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/21	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/22	Total Expenditures	Subrecipient Payments
Education for Homeless Children and Youth	84.196A	WI DPI	2021-514620-DPI-EHCY-335	\$ (20,887)	\$ 20,887	\$ -	\$ -	\$ -
Education for Homeless Children and Youth	84.196A	WI DPI	2022-514620-DPI-EHCY-335	-	61,156	20,996	82,152	-
Total Education for Homeless Children and Youth				(20,887)	82,043	20,996	82,152	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2021-514620-DPI-T-IV-B-367	(227,673)	227,673	-	-	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2022-514620-DPI-TIVB-367	-	362,374	297,153	659,527	-
Total Twenty-First Century Community Learning Centers				(227,673)	590,047	297,153	659,527	-
English Language Acquisition State Grants	84.365A	WI DPI	2021-514620-DPI-TIIIA-391	(112,552)	112,552	-	-	-
English Language Acquisition State Grants	84.365A	WI DPI	2022-514620-DPI-TIIIA-391	-	181,259	119,395	300,654	-
Total English Language Acquisition State Grants				(112,552)	293,811	119,395	300,654	-
Supporting Effective Instruction State Grants	84.367A	WI DPI	2021-514620-DPI-TIIA-365	(314,396)	314,396	-	-	-
Supporting Effective Instruction State Grants	84.367A	WI DPI	2022-514620-DPI-TIIA-365	-	792,652	343,858	1,136,510	-
Total Improving Teacher Quality State Grants				(314,396)	1,107,048	343,858	1,136,510	-
Education Innovation and Research	84.411B	Spurwink Services, Inc.	U411A160001	-	15,000	-	15,000	-
Student Support and Academic Enrichment Program	84.424A	WI DPI	2021-514620-DPI-TIV-A-381	(102,239)	102,239	-	-	-
Student Support and Academic Enrichment Program	84.424A	WI DPI	2022-514620-DPI-TIVA-381	-	361,032	222,780	583,812	-
Total Improving Teacher Quality State Grants				(102,239)	463,271	222,780	583,812	-
COVID-19 Elementary and Secondary School Emergency Relief I	84.425D	WI DPI	2021-514620-DPI-ESSERF-160	(4,000,255)	4,219,521	204,760	424,026	-
COVID-19 Elementary and Secondary School Emergency Relief I	84.425D	WI DPI	2021-514620-DPI-ESSERF-160	-	30,073	-	-	-
COVID-19 Governors Emergency Education Relief Fund	84.425C	WI DPI	2021-514620-DPI-GEERF-162	(518,234)	809,171	400,931	691,868	-
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	WI DPI	2022-514620-DPI-ESSERFII-163	-	8,756,637	3,952,560	12,709,197	-
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	WI DPI	2022-514620-DPI-ESSERFII-163	-	-	519,033	519,033	-
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	WI DPI	2022-514620-DPI-ESSERFII-163	-	136,542	107,148	243,690	-
COVID-19 ARP Homeless Children and Youth	84.425W	WI DPI	2022-514620-DPI-ARPHCYI-168	-	-	1,159	1,159	-
Total Improving Teacher Quality State Grants				(4,548,562)	13,951,944	5,185,591	14,588,973	-
Total U.S. Department of Education				(9,541,808)	30,506,122	9,912,712	30,877,026	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS	44211100	-	4,735,068	-	4,735,068	-
Total Medicaid Cluster				-	4,735,068	-	4,735,068	-
Total U.S. Department of Health and Human Services				-	4,735,068	-	4,735,068	-
U.S. DEPARTMENT OF HOMELAND SECURITY								
Disaster Grants- Public Assistance	97.036	WI DMA	FEMA-4520-WI-DR	-	265,509	-	265,509	-
Total U.S. Department of Homeland Security				-	265,509	-	265,509	-
Total Federal Awards				<u>\$ (9,801,436)</u>	<u>\$ 46,173,710</u>	<u>\$ 10,243,708</u>	<u>\$ 46,615,982</u>	<u>\$ -</u>
Reconciliation to the Basic Financial Statements								
Federal Sources							\$	50,176,727
Intermediate Sources								15,000
Less: Nongrant Related Revenues								(3,575,745)
Total Expenditures of Federal Awards							<u>\$</u>	<u>46,615,982</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, 2022**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/21	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/22	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	514620-100	\$ -	\$ 13,930,498	\$ -	\$ 13,930,498	\$ -
Common School Fund Library Aid	255.103	Direct Program	514620-104	-	999,027	-	999,027	-
Bilingual Bicultural Aid Lea	255.106	Direct Program	514620-111	-	322,554	-	322,554	-
General Transportation Aid	255.107	Direct Program	514620-102	-	565,522	-	565,522	-
Equalization Aids	255.201	Direct Program	514620-116	(2,447,055)	158,780,649	-	156,333,594	-
Integration Transfer - Resident	255.205	Direct Program	514620-105	-	1,119,026	-	1,119,026	-
High Cost Special Education Aid	255.210	Direct Program	514620-119	-	856,016	-	856,016	-
Aid for School Mental Health Programs	255.227	Direct Program	514620-176	-	-	537,623	537,623	-
Peer-to-Peer Suicide Prevention Grant	255.246	Direct Program	514620-183	-	5,000	-	5,000	-
Peer-to-Peer Suicide Prevention Grant	255.246	CESA #4	N/A	-	13,505	-	13,505	-
Special Education Transition Readiness Grant	255.257	Direct Program	514620-174	-	67,469	14,260	81,729	-
School base mental health services grant	255.297	Direct Program	514620-297	(64,317)	106,922	31,360	73,965	-
Alcohol and Other Drug Abuse	255.306	Direct Program	514620-395	(16,587)	16,587	19,625	19,625	-
Tuition Payments by State	255.401	Direct Program	514620-157	-	286,911	-	286,911	-
Tuition Payments Spec Education	255.401	Direct Program	514620-158	-	189,442	-	189,442	-
Total Tuition Payments by State				-	476,353	-	476,353	-
Student Achievement Guarantee in Education (SAGE)	255.504	Direct Program	514620-160	-	1,627,947	-	1,627,947	-
Quality Matters	255.510	Direct Program	514620-180	-	15,000	-	15,000	-
Early College Credit Program	255.445	Direct Program	514620-178	-	328	-	328	-
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	-
Per Pupil Aid	255.945	Direct Program	514620-113	-	13,413,876	-	13,413,876	-
Career and Technical Education Incentive Grants	255.950	Direct Program	514620-151	-	-	93,676	93,676	-
Assessments of Reading Readiness	255.956	Direct Program	514620-166	-	43,834	-	43,834	-
Robotics League Participation Grants	255.959	Direct Program	514620-167	-	2,143	-	2,143	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	514620-168	-	72,688	-	72,688	-
Total Wisconsin Department of Public Instruction				(2,527,959)	193,549,784	810,344	191,832,169	-
Wisconsin Department of Workforce Development								
Technical Education Equipment Grant Program				-	37,000	-	37,000	-
Total Wisconsin Department of Justice				-	37,000	-	37,000	-
Total State Programs				\$ (2,527,959)	\$ 193,586,784	\$ 810,344	\$ 191,869,169	\$ -

Reconciliation to the Basic Financial Statements

State Sources	\$ 193,260,929
Intermediate Sources	50,505
Less: State Sources not Considered State Financial Assistance	
State Tax Computer Aid	(1,439,925)
Payment in Lieu of Taxes and Other Revenues	(2,340)
Total Expenditures of State Awards	<u>\$ 191,869,169</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, 2022**

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 2022 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 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2021-2022 eligible costs under the State Special Education Program as reported by the District are \$47,364,820. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4 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, 2022**

NOTE 5 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 6 PASS THROUGH ENTITIES

Federal 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

**RACINE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

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

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.425C	<i>Elementary and Secondary Education Cluster:</i> COVID-19 Governor’s Emergency Education Relief Fund
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund
84.425W	ARP Homeless Children & Youth

**RACINE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results (Continued)

Identification of major state programs:

<u>State ID Number(s)</u>	<u>Name of State Program</u>
255.101	Special Education & School Age Parents Part 1
255.106	Bilingual Bicultural Aid
255.201	General Equalization Aids
255.205	Integration Transfer Resident
255.926	Aid for High Poverty School Districts

Audit threshold used to determine between Type A and Type B programs:

Federal Awards:	<u>\$1,398,479</u>
State Awards	<u>\$250,000</u>
Auditee qualify as low-risk auditee?	<u> X </u> Yes <u> </u> No

Section II – Financial Statement Findings

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended June 30, 2022.

Section III – Federal and State Award Findings and Questioned Costs

There are no audit findings and questioned costs required to be reported under the Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended June 30, 2022.

**RACINE UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section IV – Other Issues

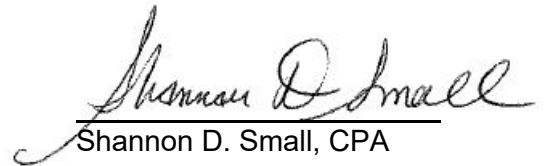
1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

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 *State Single Audit Guidelines*:

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


Shannon D. Small, CPA

5. Date of report

December 15, 2022



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