

**RACINE UNIFIED SCHOOL DISTRICT  
RACINE, WISCONSIN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2021**



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## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Racine Unified School District  
Racine, Wisconsin

### **Report on the Financial Statements**

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility 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; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Board of Education  
Racine Unified School District

### ***Opinions***

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, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

As described in Note 3.F., during 2021, the District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. As a result, the District identified activities previously reported as fiduciary activities that no longer meet the definition of a fiduciary activity. In prior years these amounts were reported in the student activity and private purpose trust funds. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the budgetary comparison information and the schedules relating to pensions and other postemployment benefits on pages 61 through 67 be presented to supplement the basic financial statements. Such information, although not 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.

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

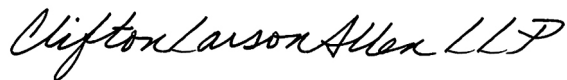
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of expenditures of state awards are presented for purposes of additional analysis, as required by Title 2 *U.S. Code of Federal Regulations (CFR) 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, and are also not a required part of the basic financial statements.

To the Board of Education  
Racine Unified School District

The combining nonmajor fund financial statements and the schedule of expenditures of federal awards and schedule of expenditures of state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required By Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, 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, 2021

**RACINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

**FINANCIAL HIGHLIGHTS**

- The District's overall financial position, as reflected in total net position, increased \$43,246,372 during the 2020-2021 fiscal year.
- The District's governmental fund balance reported an increase of \$16,078,604 compared to an increase of \$5,332,958 in the prior year. While the Capital Project fund increased in fund balance by \$796,372, and Other Governmental funds decreased in fund balance by \$134,943, the General Fund increased by \$15,417,175. It can be noted an accounting transaction that made a \$3.8 million prepaid supplies adjustment and \$7.8 million that is on hold due to the referendum appeal are primary contributors to fund balance increase. 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 \$13,658,889 over the prior year. The increase was primarily due to construction work in progress for the Aquatic Center. (See page 32)

**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. Both statements distinguish governmental activities from business-type activities.
- 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, 2021**

- 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 three fiduciary funds. A private purpose trust fund accounts for financial resources to benefit specified beneficiaries, 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, 2021**

**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, 2021 with a comparison to the prior year.

<b>Table 1 Condensed Statement of Net Assets (in thousands of dollars)</b>			
	Racine Unified School District		%
	2021	2020	Change 2020-2021
<b>Assets</b>			
Current Assets	\$ 120,162	\$ 98,995	21.4%
Net Pension Asset	55,430	29,428	88.4%
Capital Assets	201,770	188,111	7.3%
Total Assets	377,362	316,534	19.2%
<b>Deferred Outflows</b>			
Related to Pension	87,153	63,789	36.6%
Related to Other			
Postemployment Benefits	11,002	3,838	186.7%
Loss on Advance Refunding	940	252	273.0%
Total Deferred Outflows	99,095	67,879	46.0%
<b>Liabilities</b>			
Long-Term Obligations	199,940	193,658	3.2%
Other Liabilities	33,181	28,403	16.8%
Total Liabilities	233,121	222,061	5.0%
<b>Deferred Inflows</b>			
Related to Pension	122,414	88,824	37.8%
Related to Other			
Postemployment Benefits	30,909	26,971	14.6%
Total Deferred Outflows	153,323	115,795	32.4%
<b>Net Position</b>			
Net Investment in			
Capital Assets	86,805	77,651	11.8%
Restricted	85,129	50,269	69.3%
Unrestricted	(81,921)	(81,363)	0.7%
Total Net Position	\$ 90,013	\$ 46,557	93.3%

**RACINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

(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, 2021 with a comparison to the prior year.

<b>Table 2 Changes in Net Position (in thousands of dollars)</b>			
	Racine Unified School District		%
	2021	2020	Change 2020-2021
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$ 634	\$ 1,913	-66.9%
Operating Grants and Contributions	65,959	62,346	5.8%
General Revenues			
Property Taxes	100,256	93,466	7.3%
Other Taxes	-	23	-100.0%
State Formula Aid	158,492	156,753	1.1%
Interest	42	577	-92.7%
Other	5,955	523	1038.6%
Total Revenues	331,338	315,601	5.0%
<b>Expenses</b>			
Instruction	128,625	143,086	-10.1%
Pupil and Instructional Services	39,094	45,196	-13.5%
Administration and Business	65,995	63,483	4.0%
Central Services and Insurance	4,750	5,710	-16.8%
Interest on Debt	3,376	3,020	11.8%
Nonprogram	43,608	39,108	11.5%
Community Services	2,645	3,499	-24.4%
Total Expenses	288,093	303,102	-5.0%
Cumulative Change in Accounting Principle	213	-	N/A
Change in Net Position	\$ 43,458	\$ 12,499	71.2%

General revenues (all revenue except operating grants and contributions and charges for services) provide about 80% of the funding for governmental activities. Racine Unified School District relies on state general aid and property taxes for 48% and 30%, respectively, of its governmental activities.

**RACINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

**Governmental Activities**

**Net Cost of Governmental Activities**

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

	Total Cost of Services		Net Cost of Services		% Change
	2021	2020	2021	2020	2020-2021
Instruction	\$ 128,625	\$ 143,086	\$ 82,930	\$ 100,192	-17.2%
Pupil and Instructional Services	39,094	45,196	27,971	34,218	-18.3%
Administration and Business	65,995	63,483	56,790	53,499	6.2%
Central Services and Insurance	4,750	5,710	4,740	5,682	-16.6%
Interest on Debt	3,376	3,020	3,376	3,020	11.8%
Nonprogram	43,608	39,108	43,081	38,836	10.9%
Community Services	2,645	3,499	2,610	3,396	-23.1%
<b>Totals</b>	<b>\$ 288,093</b>	<b>\$ 303,102</b>	<b>\$ 221,498</b>	<b>\$ 238,843</b>	<b>-7.3%</b>

**Governmental Funds**

The District completed the year with a total governmental fund balance of \$87.6 million, an increase of \$16.1 million from the prior year.

- Total general fund revenue for the year was \$4 million above budget largely due to \$3,892,744 adjustment to prepaid supplies.
- Total general fund program expenditures, including nonprogram transactions, was less than the budget by \$1.9 million. Savings in support services, instruction, and nonprogram expenditures.
- The final general fund budget forecasted an increase in general fund balance of \$1,600,000 while the actual results showed an increase of \$15,417,175.
- The debt service funds fund balance had a net increase of \$164,605. 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 2020-2021, the capital projects funds fund balance increased by \$796,372 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, 2021**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the 2021 fiscal year, the District had net capital assets of \$201.8 million in a broad range of capital assets, including buildings, sites, furniture, and equipment (see Table 4). Additional information about capital assets can be found in the notes to the financial statements.

<b>Table 4 Net Capital Assets (in thousands of dollars)</b>			
	Totals School District		%
	2021	2020	Change 2020-2021
Land	\$ 3,725	\$ 3,824	-2.6%
Work in Progress	16,572	2,772	497.8%
Site Improvements	33,627	35,321	-4.8%
Buildings	133,471	135,504	-1.5%
Machinery and Equipment	14,375	10,690	34.5%
Total	\$ 201,770	\$ 188,111	7.3%

**Long-Term Debt and Other Obligations**

At year-end, the district had \$107.2 million in general obligation debt outstanding, an increase of \$1.7 million from last year. Additional information about the District's long-term liabilities is presented in the notes to the financial statements.

<b>Table 5 Outstanding Long-term Obligations (in thousands of dollars)</b>			
	Racine Unified School District		%
	2021	2020	Change 2020-2021
General Obligation Debt	\$ 107,195	\$ 105,480	1.6%
Premium on Debt	3,875	3,276	18.3%
Capital Leases	5,684	1,998	184.5%
Other Postemployment Benefits	77,928	77,867	0.1%
Pension Benefits	4,673	4,344	7.6%
Compensated Absences	585	693	-15.6%
Total	\$ 199,940	\$ 193,658	3.2%

**RACINE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2021**

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, 2020. The district reported a net pension asset of \$55.4 million as of June 30, 2021.

**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.

**RACINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2021**

	Governmental Activities
<b>ASSETS</b>	
Cash and Investments	\$ 81,368,283
Receivables	
Taxes	21,355,547
Accounts	412,768
Due from Other Governments	13,186,513
Prepaid Supplies and Prepaid Items	3,838,283
Net Pension Asset	55,429,968
Capital Assets	
Nondepreciable	20,297,543
Depreciable, Net	181,472,636
Total Assets	377,361,541
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Loss on Advance Refunding	940,389
Pension Related Amounts	87,152,574
Other Postemployment Related Amounts	11,002,356
Total Deferred Outflows of Resources	99,095,319
<b>LIABILITIES</b>	
Accounts Payable	16,095,762
Accrued and Other Current Liabilities	9,111,459
Accrued Interest Payable	622,958
Unearned Revenues	61,009
Deposits Payable	3,352,132
Health and Dental Claims Payable	3,937,633
Long-Term Obligations	
Due in One Year	15,497,168
Due in More Than One Year	101,841,516
Other Postemployment Benefits Liability, Due in One Year	-
Other Postemployment Benefits Liability	77,928,182
Net Pension Liability, Due in One Year	204,000
Net Pension Liability	4,469,496
Total Liabilities	233,121,315
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension Related Amounts	122,413,588
Other Postemployment Related Amounts	30,908,935
Total Deferred Inflows of Resources	153,322,523
<b>NET POSITION</b>	
Net Investment in Capital Assets	86,805,517
Restricted:	
Debt Service	1,121,238
Private Gifts and Donations	1,545,424
Community Services	6,342,698
Food Service	2,998,644
Grant Expenditures	70,864
Referendum	7,886,230
Construction of Capital Assets	9,733,926
Pension Benefits	55,429,968
Unrestricted	(81,921,487)
Total Net Position	\$ 90,013,022

See accompanying Notes to Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 128,625,404	\$ 95,620	\$ 45,599,479	\$ -	\$ (82,930,305)
Support Services	109,838,686	533,222	19,804,819	420	(89,500,225)
Community Services	2,644,880	4,960	29,494	-	(2,610,426)
Nonprogram	43,607,621	760	525,612	-	(43,081,249)
Interest and Fiscal Charges	3,376,436	-	-	-	(3,376,436)
Total Governmental Activities	<u>\$ 288,093,027</u>	<u>\$ 634,562</u>	<u>\$ 65,959,404</u>	<u>\$ 420</u>	(221,498,641)
<b>GENERAL REVENUES</b>					
					100,256,013
					158,491,798
					42,475
					1,397,050
					4,557,677
					<u>264,745,013</u>
<b>CHANGE IN NET POSITION</b>					
					43,246,372
					<u>46,553,880</u>
					212,770
					<u>46,766,650</u>
<b>NET POSITION - END OF YEAR</b>					
					<u>\$ 90,013,022</u>

See accompanying Notes to Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT  
BALANCE SHEET — GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General	Capital Projects	Other Governmental Funds	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 60,401,965	\$ 16,774,839	\$ 4,191,479	\$ 81,368,283
Receivables				
Taxes	21,355,547	-	-	21,355,547
Accounts	409,452	-	3,316	412,768
Due from Other Funds	8,114,721	2,999,409	11,942,911	23,057,041
Due from Other Governments	12,700,852	-	485,661	13,186,513
Prepaid Supplies and Prepaid Items	3,838,283	-	-	3,838,283
Total Assets	<u>\$ 106,820,820</u>	<u>\$ 19,774,248</u>	<u>\$ 16,623,367</u>	<u>\$ 143,218,435</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 15,503,193	\$ 510,251	\$ 82,318	\$ 16,095,762
Accrued and Other Current Liabilities	9,111,459	-	-	9,111,459
Due to Other Funds	14,738,910	4,530,071	3,788,060	23,057,041
Unearned Revenues	5,408	-	55,601	61,009
Deposits Payable	3,352,132	-	-	3,352,132
Health and Dental Claims Payable	3,937,633	-	-	3,937,633
Total Liabilities	<u>46,648,735</u>	<u>5,040,322</u>	<u>3,925,979</u>	<u>55,615,036</u>
<b>FUND BALANCES</b>				
Nonspendable	3,838,283	-	-	3,838,283
Restricted	7,890,668	9,733,926	12,697,388	30,321,982
Assigned	1,600,000	5,000,000	-	6,600,000
Unassigned	46,843,134	-	-	46,843,134
Total Fund Balances	<u>60,172,085</u>	<u>14,733,926</u>	<u>12,697,388</u>	<u>87,603,399</u>
Total Liabilities and Fund Balances	<u>\$ 106,820,820</u>	<u>\$ 19,774,248</u>	<u>\$ 16,623,367</u>	<u>\$ 143,218,435</u>

See accompanying Notes to Financial Statements.



**RACINE UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021**

**Reconciliation to the Statement of Net Position**

Total fund balances as shown on previous page \$ 87,603,399

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. 201,770,179

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

Loss on Advance Refunding	940,389
Deferred Outflows Related to Pensions	87,152,574
Deferred Inflows Related to Pensions	(122,413,588)
Deferred Outflows Related to Other Postemployment Benefits	11,002,356
Deferred Inflows Related to Other Postemployment Benefits	(30,908,935)

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

Net Pension Asset	55,429,968
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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	(107,195,000)
Debt Premium	(3,874,777)
Capital Leases	(5,683,758)
Compensated Absences	(585,149)
Other Postemployment Benefits Liability	(77,928,182)
Net Pension Liability	(4,673,496)
Accrued Interest on Long-Term Obligations	(622,958)
	(200,283,219)

**Net Position of Governmental Activities as Reported on the Statement of Net Position (See Page 11)**

**\$ 90,013,022**

**RACINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021**

	General	Capital Projects	Other Governmental Funds	Totals
<b>REVENUES</b>				
Property Taxes	\$ 82,729,239	\$ -	\$ 17,526,774	\$ 100,256,013
Other Local Sources	292,647	7,987	782,095	1,082,729
Interdistrict Sources	343,063	-	-	343,063
Intermediate Sources	14,381	-	-	14,381
State Sources	192,703,805	-	139,364	192,843,169
Federal Sources	26,062,313	-	5,617,222	31,679,535
Other Sources	3,914,965	-	60,945	3,975,910
Total Revenues	<u>306,060,413</u>	<u>7,987</u>	<u>24,126,400</u>	<u>330,194,800</u>
<b>EXPENDITURES</b>				
Instruction				
Regular Instruction	93,635,946	-	53,546	93,689,492
Vocational Instruction	4,790,537	-	10,142	4,800,679
Special Education Instruction	38,048,316	-	-	38,048,316
Other Instruction	7,034,781	-	397,329	7,432,110
Total Instruction	<u>143,509,580</u>	<u>-</u>	<u>461,017</u>	<u>143,970,597</u>
Support Services				
Pupil Services	18,529,365	-	30,821	18,560,186
Instructional Staff Services	18,653,402	-	261,946	18,915,348
General Administration Services	3,091,068	-	50,214	3,141,282
School Administration Services	12,279,138	-	122,532	12,401,670
Business Services	2,338,691	-	2,813	2,341,504
Operation and Maintenance of Plant	27,723,797	18,339,129	651,073	46,713,999
Pupil Transportation Services	8,489,462	-	5,667	8,495,129
Food Services	-	-	4,524,399	4,524,399
Central Services	3,224,911	-	595	3,225,506
Insurance	1,525,541	-	-	1,525,541
Other Support Services	6,997,579	-	1,113	6,998,692
Total Support Services	<u>102,852,954</u>	<u>18,339,129</u>	<u>5,651,173</u>	<u>126,843,256</u>
Debt Service				
Principal	1,927,609	-	14,003,505	15,931,114
Interest and Fiscal Charges	152,694	-	5,264,897	5,417,591
Total Debt Service	<u>2,080,303</u>	<u>-</u>	<u>19,268,402</u>	<u>21,348,705</u>
Community Service	-	-	3,023,315	3,023,315
Nonprogram				
General Tuition Payments	15,541,722	-	-	15,541,722
Special Education Tuition Payments	1,851,254	-	-	1,851,254
Adjustments and Refunds	1,011	-	12,408	13,419
Voucher Payments	26,201,211	-	-	26,201,211
Post-Secondary Scholarship Expenditures	-	-	15	15
Total Nonprogram	<u>43,595,198</u>	<u>-</u>	<u>12,423</u>	<u>43,607,621</u>
Total Expenditures	<u>292,038,035</u>	<u>18,339,129</u>	<u>28,416,330</u>	<u>338,793,494</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>14,022,378</u>	<u>(18,331,142)</u>	<u>(4,289,930)</u>	<u>(8,598,694)</u>

See accompanying Notes to Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2021**

	General	Capital Projects	Other Governmental Funds	Totals
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-Term Debt Issued	\$ -	\$ 16,500,000	\$ 26,945,000	\$ 43,445,000
Capital Lease Issued	5,613,079	-	-	5,613,079
Premium on Debt Issued	-	-	1,850,319	1,850,319
Payment to Current Bondholder	-	-	(15,325,000)	(15,325,000)
Payment to Advance Refunding Escrow Agent	-	-	(12,401,495)	(12,401,495)
Proceeds from Sale of Capital Assets	47,443	1,447,952	-	1,495,395
Transfers In	28,604	1,179,562	4,669,767	5,877,933
Transfers Out	(4,294,329)	-	(1,583,604)	(5,877,933)
Total Other Financing Sources (Uses)	<u>1,394,797</u>	<u>19,127,514</u>	<u>4,154,987</u>	<u>24,677,298</u>
<b>NET CHANGE IN FUND BALANCES</b>	15,417,175	796,372	(134,943)	16,078,604
Fund Balances - July 1, as Originally Stated	44,754,910	13,937,554	12,619,561	71,312,025
Cumulative Effect of Change in Accounting Principle	-	-	212,770	212,770
Fund Balance - July 1, as Restated	<u>44,754,910</u>	<u>13,937,554</u>	<u>12,832,331</u>	<u>71,524,795</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 60,172,085</u>	<u>\$ 14,733,926</u>	<u>\$ 12,697,388</u>	<u>\$ 87,603,399</u>

See accompanying Notes to 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, 2021**

**Reconciliation to the Statement of Activities**

Net change in fund balances as shown on previous page \$ 16,078,604

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	21,932,453
Depreciation Expense Reported in the Statement of Activities	(8,273,564)

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

Long-Term Debt Issued	(43,445,000)
Capital Leases Issued	(5,613,079)
Premium on Debt Issued	(1,850,319)
Principal Repaid	14,003,505
Payment to Advance Refunding Escrow Agent	12,401,495
Payment to Current Bondholder	15,325,000
Capital Leases Paid	1,927,609

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	101,420
Amortization of Premiums, Discounts and Loss on Advance Refunding	1,939,735
Compensated Absences	107,216
Net Pension Asset	26,001,434
Net Pension Liability	(329,208)
Deferred Outflows of Resources Related to Pensions	23,364,132
Deferred Inflows of Resources Related to Pensions	(33,590,040)
Other Postemployment Benefits	(61,559)
Deferred Outflows of Resources Related to Other Postemployment Benefits	7,164,059
Deferred Inflows of Resources Related to Other Postemployment Benefits	(3,937,521)

<b>Change in Net Position of Governmental Activities as Reported in the Statement of Activities (See page 12)</b>	<b><u><u>\$ 43,246,372</u></u></b>
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**RACINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION — FIDUCIARY FUNDS  
JUNE 30, 2021**

	Private Purpose Trust	Employee Benefit Trust	Custodial Pupil Activity	Totals
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ 5,293,665	\$ 80,373	\$ 5,374,038
Accounts Receivable	-	4,967,136	-	4,967,136
Total Assets	-	10,260,801	80,373	10,341,174
<b>LIABILITIES</b>				
Due to Student Organizations	-	-	-	-
<b>NET POSITION</b>				
Restricted	<u>\$ -</u>	<u>\$ 10,260,801</u>	<u>\$ 80,373</u>	<u>\$ 10,341,174</u>

See accompanying Notes to Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION — FIDUCIARY FUNDS  
JUNE 30, 2021**

	Private Purpose Trust	Employee Benefit Trust	Custodial Pupil Activity	Totals
<b>ADDITIONS</b>				
Other Local Sources	\$ -	\$ -	\$ 7,361	\$ 7,361
Employer Contributions	-	4,800,335	-	4,800,335
Investment Earnings	-	65,816	-	65,816
Other Miscellaneous Revenue	-	-	96,645	96,645
Total Additions	-	4,866,151	104,006	4,970,157
<b>DEDUCTIONS</b>				
Trust Fund Disbursements	-	4,556,004	-	4,556,004
Administrative Expenditures	-	11,083	-	11,083
Dues and Fees	-	-	14	14
Custodial Expenditures	-	-	13,453	13,453
Adjustments and Refunds	-	-	10,166	10,166
Total Deductions	-	4,567,087	23,633	4,590,720
<b>CHANGE IN NET POSITION</b>	-	299,064	80,373	379,437
Net Position - July 1, as Originally Stated	212,770	9,961,737	-	10,174,507
Cumulative Effect of Change in Accounting Principle	(212,770)	-	-	(212,770)
Net Position - July 1, as Restated	-	9,961,737	-	9,961,737
<b>NET POSITION - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 10,260,801</u>	<u>\$ 80,373</u>	<u>\$ 10,341,174</u>

See accompanying Notes to Financial Statements.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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**

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, 2021**

**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, 2021**

**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. 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 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.

**11. 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.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

**11. Other Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

**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 employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**12. 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.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

**12. Fund Equity (Continued)**

**Governmental Fund Financial Statements (Continued)**

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.

**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, 2021**

**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 \$86,472,321 on June 30, 2021 as summarized below:

Petty Cash and Cash on Hand	\$	375
Deposits with Financial Institutions		6,572,144
Investments		
Wisconsin Investment Series Cooperative (WISC)		79,891,248
Wisconsin Local Government Investment Pool		278,554
Total		<u><u>\$ 86,742,321</u></u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position		
Cash and Investments	\$	81,368,283
Fiduciary Fund Statement of Net Position		
Employee Benefit Trust		5,293,665
Pupil Activity Custodial Fund		80,373
Total		<u><u>\$ 86,742,321</u></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, 2021**

**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, 2021, \$4,329,403 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	\$ 3,868,846	\$ -	\$ 3,868,846	\$ -	\$ -
Investment Series	76,022,402	-	76,022,402	-	-
Wisconsin Local Government					
Investment Pool	278,554	-	-	-	278,554
Totals	<u>\$ 80,169,802</u>	<u>\$ -</u>	<u>\$ 79,891,248</u>	<u>\$ -</u>	<u>\$ 278,554</u>



**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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	\$ 3,868,846	\$ 3,868,846	\$ -	\$ -	\$ -
Investment Series	76,022,402	76,022,402	-	-	-
Wisconsin Local Government					
Investment Pool	278,554	278,554	-	-	-
Totals	<u>\$ 80,169,802</u>	<u>\$ 80,169,802</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 \$79,891,248 at year-end consisting of \$3,868,846 invested in the Cash Management Series and \$76,022,402 invested in the Investment Series. 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 Cooperative 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, 2021**

**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 \$278,554 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, 2021, 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, 2021, 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, 2021**

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

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Nondepreciable:				
Land	\$ 3,823,598	\$ -	\$ 98,345	\$ 3,725,253
Construction in Progress	2,771,883	15,317,185	1,516,778	16,572,290
Total Capital Assets, Nondepreciable	<u>6,595,481</u>	<u>15,317,185</u>	<u>1,615,123</u>	<u>20,297,543</u>
Capital Assets, Depreciable:				
Site Improvements	42,179,588	146,377	71,900	42,254,065
Buildings	206,786,607	1,844,340	-	208,630,947
Machinery and Equipment	33,216,308	6,246,158	2,926,619	36,535,847
Subtotals	<u>282,182,503</u>	<u>8,236,875</u>	<u>2,998,519</u>	<u>287,420,859</u>
Less Accumulated Depreciation for:				
Site Improvements	6,858,821	1,840,001	71,900	8,626,922
Buildings	71,283,261	3,877,415	-	75,160,676
Machinery and Equipment	22,524,612	2,556,148	2,920,135	22,160,625
Subtotals	<u>100,666,694</u>	<u>8,273,564</u>	<u>2,992,035</u>	<u>105,948,223</u>
Total Capital Assets, Depreciable, Net	<u>181,515,809</u>	<u>(36,689)</u>	<u>6,484</u>	<u>181,472,636</u>
Governmental Activities Capital Assets, Net	<u>\$ 188,111,290</u>	<u>\$ 15,280,496</u>	<u>\$ 1,621,607</u>	201,770,179
Less: Capital Related Debt				106,458,000
Less: Capital Leases				5,683,758
Less: Debt Premium				3,763,293
Add: Deferred Charge on Refunding				<u>(940,389)</u>
Net Investment in Capital Assets				<u>\$ 86,805,517</u>

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

<b>Governmental Activities</b>	
Instruction	
Regular Instruction	\$ 11,179
Vocational Instruction	37,845
Special Education Instruction	7,746
Co-Curricular Activities	27,092
Support Services	
Pupil Services	3,516
Instructional Staff Services	13,466
General Administration Services	1,926
School Administration Services	3,133
Operation and Maintenance of Plant	6,314,386
Pupil Transportation	17,721
Food Service	187,421
Central Services	1,285,884
Other Support Services	362,249
Total Depreciation Expense - Governmental Activities	<u>\$ 8,273,564</u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2021 are detailed below:

	Interfund Receivables	Interfund Payables
Pooled Cash		
Governmental Funds		
General	\$ 8,114,721	\$ 14,738,910
Capital Projects	2,999,409	4,530,071
Other Governmental Funds		
Nonreferendum Debt Service	2,997,767	3,584,650
Donations	1,270,956	-
Special Projects	42,163	203,410
Community Service	6,421,354	-
Food Service	1,210,671	-
Totals	\$ 23,057,041	\$ 23,057,041

Interfund transfers for the year ended June 30, 2021 were as follows:

Funds	Transfer In	Transfer Out
General	\$ 28,604	\$ 4,294,329
Capital Projects	1,179,562	-
Other Governmental Funds		
Nonreferendum Debt Service	4,669,767	-
Special Revenue Trust	-	9,400
Special Projects	-	19,204
Community Service	-	1,555,000
Total	\$ 5,877,933	\$ 5,877,933

Interfund transfers were made for the following purposes:

Debt Service Payments	\$ 4,669,767
Indirect Costs	28,604
Future Capital Expenditures	1,179,562
Total	\$ 5,877,933

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2021:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Debt					
Bonds	\$ 97,620,000	\$ 26,945,000	\$ 37,345,000	\$ 87,220,000	\$ 8,420,000
Notes	7,860,000	16,500,000	4,385,000	19,975,000	4,385,000
Total General Obligation Debt	105,480,000	43,445,000	41,730,000	107,195,000	12,805,000
Debt Premium	3,275,887	1,850,319	1,251,429	3,874,777	360,419
Capital Leases	1,998,288	5,613,079	1,927,609	5,683,758	2,229,121
Compensated Absences	692,365	-	107,216	585,149	102,628
Governmental Activities Long-Term Obligations	<u>\$ 111,446,540</u>	<u>\$ 50,908,398</u>	<u>\$ 45,016,254</u>	<u>\$ 117,338,684</u>	<u>\$ 15,497,168</u>

Total interest paid during the year on long-term debt totaled \$4,851,604.

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 6/30/21
<b>General Obligation Bonds</b>					
Refunding Bonds	06/10/13	04/01/27	3.375%	\$ 2,020,000	\$ 1,100,000
Refunding Bonds	04/06/15	04/01/24	2.00 - 3.00%	8,980,000	5,520,000
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	13,000,000
School Building & Improvement	05/15/17	04/01/34	2.00 - 3.00%	8,000,000	6,330,000
School Building & Improvement	01/08/18	04/01/37	3.125 - 5.00%	14,600,000	1,830,000
School Building & Improvement	03/26/18	04/01/37	3.00 - 5.00%	29,925,000	22,990,000
Refunding Bonds	02/16/21	04/01/31	1.00 - 3.00%	14,375,000	14,375,000
Refunding Bonds	10/19/20	04/01/37	0.05 - 3.00%	12,570,000	12,375,000
Subtotal					<u>87,220,000</u>
<b>General Obligation Notes</b>					
Promissory Notes	06/10/13	04/01/23	1.00 - 3.00%	21,735,000	5,030,000
Promissory Notes	10/19/20	04/01/29	2.00%	16,500,000	14,945,000
Total Outstanding General Obligation Debt					<u>\$ 107,195,000</u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 \$107,195,000 on June 30, 2021 are detailed below:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 12,805,000	\$ 2,934,029	\$ 15,739,029
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
2027-2031	33,605,000	3,457,160	37,062,160
2032-2036	10,620,000	954,787	11,574,787
2037	1,225,000	32,162	1,257,162
Total	<u>\$ 107,195,000</u>	<u>\$ 15,225,680</u>	<u>\$ 122,420,680</u>

**Advance Refunding**

The District advance refunded general obligation bond issue from 2018. The District issued \$12,570,000 of general obligation school improvement bonds to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This advance refunding was undertaken to reduce total debt service payments over the next 16 years by \$331,459 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$242,578.

**Cash Defeasance**

During the year, the District defeased \$11,105,000 of the general obligation bonds dated January 5, 2016 and March 26, 2018 using available District cash. As a result, the liability has been removed from the financial statements.

At June 30, 2021, \$11,105,000 of outstanding obligations bonds are considered defeased.

**Current Refunding**

During 2021, the District currently refunded general obligation bond issues from 2013 and 2019. The District issued \$14,375,000 of general obligation refunding bonds to call the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next 10 years by \$1,286,980 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,211,772.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

**Legal Margin for New Debt**

The District's legal margin for creation of additional general obligation debt on June 30, 2021 was \$1,022,188,450 as follows:

Equalized Valuation of the District	\$ 11,293,834,500
Statutory Limitation Percentage	<u>(x) 10%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	1,129,383,450
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>107,195,000</u>
Legal Margin for New Debt	<u><u>\$ 1,022,188,450</u></u>

**Capital Lease**

The District is obligated under various leases accounted for as capital leases that were used to finance the acquisition of capital assets. The cost of the capital assets under the capital leases are \$9,271,619 and the related accumulated depreciation is \$4,397,643 as of June 30, 2021.

The following is a schedule of the minimum lease payments under the lease agreements and the present values of the minimum lease payments as of June 30, 2021:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2022	\$ 2,359,818
2023	1,515,321
2024	1,438,548
2025	<u>615,088</u>
Subtotal	5,928,775
Less: Amount representing interest	<u>245,017</u>
Present value of future minimum lease payments	<u><u>\$ 5,683,758</u></u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2021, as summarized below:

	Pension Asset	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Expense (Revenue)
Wisconsin Retirement System (WRS)	\$ 55,429,968	\$ -	\$ 86,602,917	\$ 121,791,646	\$ (6,156,850)
Supplemental or Stipend Pension Plan	-	4,673,496	549,657	621,942	492,122
Total Pension Liability	<u>\$ 55,429,968</u>	<u>\$ 4,673,496</u>	<u>\$ 87,152,574</u>	<u>\$ 122,413,588</u>	<u>\$ (5,664,728)</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/publications/cafr.htm>.

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.

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.



**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

**E. Pension Plans (Continued)**

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

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.

**Post-Retirement Adjustments**

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year Ending June 30,</u>	<u>Core Fund Adjustment Percent</u>	<u>Variable Fund Adjustment Percent</u>
2011	(1.2)%	11 %
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

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2021, WRS recognized \$9,276,347 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)	6.75 %	6.75 %

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

At June 30, 2021, the District reported an asset of \$55,429,968 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.887585418%, which was a decrease of 0.02481232% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense (revenue) of (\$6,156,850).

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2021, 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	\$ 80,224,182	\$ 17,280,144
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	104,065,248
Changes in Assumptions	1,257,260	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	102,633	446,254
Employer Contributions Subsequent to the Measurement Date	<u>5,018,842</u>	<u>-</u>
Total	<u><u>\$ 86,602,917</u></u>	<u><u>\$ 121,791,646</u></u>

\$5,018,842 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, 2022. 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>
2022	\$ (10,356,929)
2023	(2,861,192)
2024	(18,960,366)
2025	<u>(8,029,084)</u>
Total	<u><u>\$ (40,207,571)</u></u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2019
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.0%
Discount Rate:	7.0%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-Retirement Adjustments*	1.9%

\* *No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 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, 2021**

**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>
<b>Core Fund Asset Class</b>			
Global Equities	51.0 %	7.2 %	4.7 %
Fixed Income	25.0	3.2	0.8
Inflation Sensitive Assets	16.0	2.0	(0.4)
Real Estate	8.0	5.6	3.1
Private Equity/Debt	11.0	10.2	7.6
Multi-Asset	4.0	5.8	3.3
Cash	<u>(15.0)</u>	0.9	N/A
Total Core Fund	100.0 %	6.6 %	4.1 %
<b>Variable Fund Asset Class</b>			
U.S. Equities	70.0 %	6.6 %	4.1 %
International Equities	<u>30.0</u>	7.4	4.9
Total Variable Fund	100.0 %	7.1 %	4.6 %

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.40%

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

**Single Discount Rate.** A single discount rate of 7.0% was used to measure the total pension liability for the current and prior year. This single discount rate was based on the expected rate of return on pension plan investments of 7.0% and a long-term bond rate of 2.00% (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, 2020. 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 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan members contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

**E. Pension Plans (Continued)**

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

**Actuarial Assumptions (Continued)**

**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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease to Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase to Discount Rate (8.0%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 52,761,647	\$ (55,429,968)	\$ (134,895,903)

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, 2021, the District reported a payable of \$1,889,619 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2021.

**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.

**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.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

**E. Pension Plans (Continued)**

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

**Employees Covered by Benefit Terms**

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	65
Active Employees	<u>220</u>
Total	<u><u>285</u></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, 2020	\$ 4,344,288
Changes for the Year:	
Service Cost	143,056
Interest	148,501
Benefit Payments	(202,796)
Effective of Assumption Changes	573,128
Differences Between Expected and Actual Experience	<u>(332,681)</u>
Net Changes	<u>329,208</u>
Total Pension Liability at June 30, 2021	<u><u>\$ 4,673,496</u></u>

For the year ended June 30, 2021, the District recognized pension expense \$492,122.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 36,480	\$ 297,881
Changes in Assumptions	<u>513,177</u>	<u>324,061</u>
Total	<u><u>\$ 549,657</u></u>	<u><u>\$ 621,942</u></u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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)**

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:

<u>Year Ended June 30,</u>	<u>Expense</u>
2022	\$ (15,931)
2023	(15,931)
2024	(15,931)
2025	(15,931)
2026	(15,931)
Thereafter	7,370
Total	<u><u>\$ (72,285)</u></u>

**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, 2021.

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	2.16%
Inflation	2.25%

**Single Discount Rate.** A single discount rate of 2.16% 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, 2021 calculated using the discount rate of 2.16%, 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 (1.16%) or 1-percentage-point higher (3.16%) than the current rate.



**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

**E. Pension Plans (Continued)**

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

	1% Decrease to Discount Rate (1.16%)	Current Discount Rate (2.16%)	1% Increase to Discount Rate (3.16%)
Total Pension Liability	\$ 5,205,500	\$ 4,673,496	\$ 4,228,636

**Payable to the Supplemental Pension Plan**

At June 30, 2021, the District reported a payable of \$-0- for the outstanding amount of contributions to the Plan required for the year ended June 30, 2021.

**F. Other Postemployment Benefits**

The District reports OPEB related balances as of and for the year ended June 30, 2021 as summarized below:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Expense
Local Retiree Life Insurance Fund (LRLIF)	\$ 10,568,774	\$ 4,265,274	\$ 1,637,540	\$ 1,210,131
Single-Employer Defined OPEB Plan	67,359,408	6,737,082	29,271,395	7,228,402
Total OPEB Liability	\$ 77,928,182	\$ 11,002,356	\$ 30,908,935	\$ 8,438,533

**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.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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

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

**Employees Covered by Benefit Terms**

At June 30, 2021 the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	256
Active Employees	1,995
Total	2,251

**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, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

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:	3.50%
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, 2018.

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, 2018.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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)**

The long-term expected rate of return on OPEB plan investments was valued at 3.5%. 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 2.16%. 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.

**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, 2020	\$ 79,460,709	\$ 9,961,737	\$ 69,498,972
Changes for the Year:			
Service Cost	4,802,779	-	4,802,779
Interest	2,708,817	-	2,708,817
Contributions - Employer	-	4,376,206	(4,376,206)
Net Investment Income	-	65,816	(65,816)
Benefit Payments	(4,131,874)	(4,131,874)	-
Effective of Assumption Changes	6,775,701	-	6,775,701
Effective of Plan Changes	(3,542,225)	-	(3,542,225)
Administrative Costs	-	(11,082)	11,082
Difference between Expected and Actual Experience	(8,453,697)	-	(8,453,697)
Net Changes	<u>(1,840,499)</u>	<u>299,066</u>	<u>(2,139,565)</u>
Balance at June 30, 2021	<u>\$ 77,620,210</u>	<u>\$ 10,260,803</u>	<u>\$ 67,359,407</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 (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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)**

	1% Decrease to Discount Rate (1.21%)	Current Discount Rate (2.21%)	1% Increase to Discount Rate (3.21%)
Net OPEB Liability	<u>\$ 73,777,539</u>	<u>\$ 67,359,408</u>	<u>\$ 61,402,924</u>

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

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Net OPEB Liability	<u>\$ 58,518,524</u>	<u>\$ 67,359,408</u>	<u>\$ 77,899,520</u>

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 13.22% of the total OPEB liability.

**Investments.** The Plan does not have a separate investment policy from the District. At June 30, 2021, 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, 2021 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 2.5%. For the year ended June 30, 2021, the annual money-weighted rate of return, net of investment expenses, was .08%, 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, 2021, the District recognized OPEB expense of \$7,228,402. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 9,615,637
Changes in Assumptions	6,285,773	19,655,758
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	451,309	-
Total	<u>\$ 6,737,082</u>	<u>\$ 29,271,395</u>

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>
2022	\$ (1,905,403)
2023	(1,935,080)
2024	(1,973,034)
2025	(2,012,850)
Thereafter	(14,707,946)
Total	<u>\$ (22,534,313)</u>

**Payable to the OPEB Plan**

At June 30, 2021, the District reported a payable of \$-0- for the outstanding amount of contribution to the Plan required for the year ended June 30, 2021.

**2. Local Retiree Life Insurance Fund**

**Plan Description**

The LRLIF is a cost-sharing, 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/publications/cafr.htm>.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 employees and pre-65 retirees who pay for their coverage.

**Contributions**

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following 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, 2021 are:

Coverage Type	Employer Contribution
50% Post-Retirement Coverage	40% of Member Contribution
25% Post-Retirement 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, 2020 are listed below:

Life Insurance Member Contribution Rates For the Year Ended December 31, 2020		
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 to top premium benefit.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2021, LRLIF recognized \$37,615 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, 2021, the District reported a liability of \$10,568,774 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. 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, 2020, the District's proportion was 1.92134300%, which was a decrease of 0.04372700% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense (revenue) of \$1,210,131.

At June 30, 2021, 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	\$ -	\$ 504,304
Net Differences Between Projected and Actual		
Earnings on OPEB Plan Investments	153,873	-
Changes in Assumptions	4,111,401	725,161
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	408,075
Total	<u>\$ 4,265,274</u>	<u>\$ 1,637,540</u>

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

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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)**

<u>Year Ended June 30,</u>	<u>Expense</u>
2022	\$ 485,127
2023	468,487
2024	451,347
2025	405,670
Thereafter	817,103
Total	<u>\$ 2,627,734</u>

**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, 2020
Measurement Date of Net OPEB Liability (Asset):	December 31, 2020
Actuarial Cost Method:	Entry age normal
20-Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. 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, 2021**

**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. Credit Bonds	Barclays Credit	50.0 %	1.47%
U.S. Mortgages	Barclays MBS	50.0 %	0.82%
Inflation			2.20%
Long-Term Expected Rate of Return			4.25%

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. 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.

**RACINE UNIFIED SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2021**

**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 2.25% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74 as of December 31, 2019 to 2.12% as of December 31, 2020. 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 municipal bond 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 2.25%, 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 (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
District's Proportionate Share of the Net OPEB Liability	\$ 14,376,554	\$ 10,568,774	\$ 7,689,059

**Payable to the OPEB Plan**

At June 30, 2021, the District reported a payable of \$-0- for the outstanding amount of contribution to the Plan required for the year ended June 30, 2021.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2021, nonspendable fund balance was as follows:

	<u>General</u>
Nonspendable	
Prepaid Supplies and Prepaid Items	\$ 3,838,283

**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, 2021, restricted fund balance was as follows:

General Fund	
Restricted for	
Grant Expenditures	\$ 4,438
Referendum Projects	7,886,230
Total General Fund Restricted Fund Balance	7,890,668
Special Revenue Funds	
Restricted for	
Private Gifts and Donations Designations	1,545,424
Grant Expenditures	66,426
Community Service Programs	6,342,698
Food Service	2,998,644
Total Special Revenue Funds Restricted	10,953,192
Fund Balance	10,953,192
Debt Service Funds	
Restricted for	
Nonreferendum	1,744,196
Capital Projects Fund	
Restricted for Construction of Capital Assets	9,733,926
Total Restricted Fund Balance	\$ 30,321,982

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2021, fund balance was assigned as follows:

General Fund	
Assigned for	
Subsequent Years' Expenditures	\$ 1,600,000
Capital Projects Fund	
Assigned for Subsequent Year's Expenditures	<u>5,000,000</u>
Total	<u><u>\$ 6,600,000</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 2021-2022 General Fund Expenditures	\$ 285,967,091
Minimum Fund Balance Percent	(x) 15 - 20%
Minimum Fund Balance Amount	<u><u>\$42,895,064 - \$57,193,418</u></u>

The District's General Fund balance of \$60,172,085 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, 2021**

**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, 2021.

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, 2021, the District has reported a liability of \$3,937,633 which represents reported and unreported claims which were incurred on or before June 30, 2021, 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, 2020 and June 30, 2021 are as follows:

	Liability July 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability June 30
2021	\$ 3,155,733	38,266,177	\$ 37,484,277	\$ 3,937,633
2020	\$ 3,051,190	34,195,466	\$ 34,090,923	\$ 3,155,733

The District has not received an actuarial certification attesting to the adequacy of the reserves, rates, and the overall financial soundness of the plan.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2020 and are unsecured. There was no balance outstanding on this line of credit as of June 30, 2021, nor was there any amounts borrowed during the period 7/1/2020-6/30/2021.

**E. Risks and Uncertainties**

The Coronavirus Disease 2019 (COVID-19) has affected global markets, supply chains, employees of organizations, and local communities. Specific to the District, COVID-19 may impact parts of its 2022 operations and financial results. Management believes the District is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 15, 2021.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 3 OTHER INFORMATION (CONTINUED)**

**F. Restatement**

During fiscal year ended June 30, 2021 the District adopted GASB Statement No. 84 Fiduciary Activities. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle of \$212,770. The funds were previously reported as a fiduciary fund.

	<u>Governmental Activities</u>	<u>Donations Fund</u>	<u>Fiduciary Funds</u>
Fund Balance/Net Position, Beginning of Year, as Previously Reported	\$ 46,553,880	\$ 1,205,809	\$ 212,770
Change in Accounting Principle	<u>212,770</u>	<u>212,770</u>	<u>(212,770)</u>
Fund Balance/Net Position, End of Year, as Restated	<u>\$ 46,766,650</u>	<u>\$ 1,418,579</u>	<u>\$ -</u>

**RACINE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —**  
**BUDGET AND ACTUAL — GENERAL FUND — BUDGETARY BASIS**  
**YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 82,729,239	\$ 82,729,239	\$ 82,729,239	\$ -
Other Local Sources	541,350	142,982	292,572	149,590
Interdistrict Sources	332,634	342,022	321,627	(20,395)
Intermediate Sources	-	-	14,381	14,381
State Sources	177,981,639	178,045,564	178,415,220	369,656
Federal Sources	21,315,317	20,291,318	20,245,265	(46,053)
Other Sources	269,253	389,901	3,914,965	3,525,064
Total Revenues	<u>283,169,432</u>	<u>281,941,026</u>	<u>285,933,269</u>	<u>3,992,243</u>
<b>EXPENDITURES</b>				
Instruction				
Regular Instruction	95,301,445	93,580,630	93,635,946	(55,316)
Vocational Instruction	5,119,083	4,860,676	4,790,184	70,492
Other Instruction	7,435,939	7,208,768	6,951,831	256,937
Total Instruction	<u>107,856,467</u>	<u>105,650,074</u>	<u>105,377,961</u>	<u>272,113</u>
Support Services				
Pupil Services	12,408,262	11,616,914	11,725,275	(108,361)
Instructional Staff Services	16,066,314	16,684,033	16,165,752	518,281
General Administration Services	3,116,081	3,017,671	3,057,631	(39,960)
School Administration Services	12,373,108	12,238,348	12,279,138	(40,790)
Business Services	2,414,065	2,350,289	2,247,882	102,407
Operations and Maintenance of Plant	26,130,395	27,171,196	27,696,787	(525,591)
Pupil Transportation Services	6,915,552	5,895,099	5,131,255	763,844
Central Services	3,729,937	3,706,197	3,220,543	485,654
Insurance	1,260,109	1,260,109	1,298,853	(38,744)
Other Support Services	9,502,824	7,227,330	6,993,287	234,043
Total Support Services	<u>93,916,647</u>	<u>91,167,186</u>	<u>89,816,403</u>	<u>1,350,783</u>
Debt Service				
Principal	1,481,612	1,927,609	1,927,609	-
Interest and Fiscal Charges	1,002,710	148,229	152,694	(4,465)
Total Debt Service	<u>2,484,322</u>	<u>2,075,838</u>	<u>2,080,303</u>	<u>(4,465)</u>
Nonprogram				
General Tuition Payments	14,741,266	15,544,539	15,541,722	2,817
Adjustments and Refunds	63,000	63,210	1,011	62,199
Voucher Payments	26,441,554	26,383,821	26,201,211	182,610
Total Nonprogram	<u>41,245,820</u>	<u>41,991,570</u>	<u>41,743,944</u>	<u>247,626</u>
Total Expenditures	<u>245,503,256</u>	<u>240,884,668</u>	<u>239,018,611</u>	<u>1,866,057</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	37,666,176	41,056,358	46,914,658	5,858,300
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease Issued	6,132,361	5,613,079	5,613,079	-
Proceeds from Sale of Capital Assets	50,000	50,000	47,443	(2,557)
Transfers In	226,234	203,233	212,282	9,049
Transfers Out	(44,074,771)	(45,322,670)	(37,370,287)	7,952,383
Total Other Financing Sources (Uses)	<u>(37,666,176)</u>	<u>(39,456,358)</u>	<u>(31,497,483)</u>	<u>7,958,875</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	1,600,000	15,417,175	13,817,175
Fund Balance - Beginning of Year	<u>44,754,910</u>	<u>44,754,910</u>	<u>44,754,910</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 44,754,910</u>	<u>\$ 46,354,910</u>	<u>\$ 60,172,085</u>	<u>\$ 13,817,175</u>

See Notes to Required Supplementary Information.



**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —  
BUDGET AND ACTUAL — SPECIAL EDUCATION SPECIAL REVENUE FUND —  
BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2021**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES</b>				
Other Local Sources	\$ -	\$ -	\$ 75	\$ 75
Interdistrict Sources	-	-	21,436	21,436
State Sources	14,019,838	14,055,934	14,288,585	232,651
Federal Sources	7,137,804	5,803,913	5,817,048	13,135
Total Revenues	<u>21,157,642</u>	<u>19,859,847</u>	<u>20,127,144</u>	<u>267,297</u>
<b>EXPENDITURES</b>				
Instruction				
Vocational Instruction	-	-	353	(353)
Special Education Instruction	38,875,595	37,962,303	38,048,316	(86,013)
Other Instruction	82,358	82,358	82,950	(592)
Total Instruction	<u>38,957,953</u>	<u>38,044,661</u>	<u>38,131,619</u>	<u>(86,958)</u>
Support Services				
Pupil Services	6,734,568	6,663,773	6,804,090	(140,317)
Instructional Staff Services	2,767,766	2,640,305	2,487,650	152,655
General Administration Services	20,000	20,000	33,437	(13,437)
Business Services	88,891	88,891	90,809	(1,918)
Operations and Maintenance of Plant	8,500	1,000	27,010	(26,010)
Pupil Transportation Services	4,586,182	3,974,182	3,358,207	615,975
Central Services	28,000	22,580	4,368	18,212
Insurance	241,466	241,466	226,688	14,778
Other Support Services	20	20	4,292	(4,272)
Total Support Services	<u>14,475,393</u>	<u>13,652,217</u>	<u>13,036,551</u>	<u>615,666</u>
Nonprogram				
Special Education Tuition Payments	1,206,920	1,680,961	1,851,254	(170,293)
Total Expenditures	<u>54,640,266</u>	<u>53,377,839</u>	<u>53,019,424</u>	<u>358,415</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(33,482,624)	(33,517,992)	(32,892,280)	625,712
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	33,670,626	33,696,410	33,075,958	(620,452)
Transfers Out	(188,002)	(178,418)	(183,678)	(5,260)
Total Other Financing Sources (Uses)	<u>33,482,624</u>	<u>33,517,992</u>	<u>32,892,280</u>	<u>(625,712)</u>
<b>NET CHANGE IN FUND BALANCE</b>	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<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\***

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 4,802,779	\$ 4,749,957	\$ 4,886,398	\$ 6,594,042	\$ 6,789,109
Interest	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	6,775,701	-	(25,016,422)	-	-
Benefit Payments	(4,131,874)	(4,767,980)	(4,597,846)	(5,133,501)	(5,085,310)
Net Change in Total OPEB Liability	(1,840,499)	2,834,440	(23,781,077)	4,527,725	4,644,525
Total OPEB Liability - Beginning	79,460,709	76,626,269	100,407,346	95,879,621	91,235,096
Total OPEB Liability - Ending (a)	<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	\$ 4,376,206	\$ 4,994,169	\$ 4,817,172	\$ 5,404,302	\$ 5,313,306
Net Investment Income	65,816	136,771	133,828	118,463	51,804
Benefit Payments	(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	299,065	362,960	353,154	350,842	279,800
Plan Fiduciary Net Position - Beginning	9,961,737	9,598,777	9,245,623	8,894,781	8,614,981
Plan Fiduciary Net Position - Ending (b)	<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>\$ 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	13.22%	12.54%	12.53%	9.21%	9.28%
Covered-Employee Payroll	\$ 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	47.06%	49.52%	47.08%	67.19%	60.95%
Weighted-Average Investment Income	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\***

	2021	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ 11,278,214	\$ 9,609,579	\$ 9,750,795	\$ 12,151,576	\$ 12,352,496
Contributions in Relation to the ADC	4,376,206	4,997,089	4,814,252	5,404,302	5,313,306
Contribution Deficiency (Excess)	<u>\$ 6,902,008</u>	<u>\$ 4,612,490</u>	<u>\$ 4,936,543</u>	<u>\$ 6,747,274</u>	<u>\$ 7,039,190</u>
Covered-Employee Payroll	\$ 143,146,850	\$ 140,340,049	\$ 142,356,149	\$ 135,687,306	\$ 142,709,888
Contributions as a Percentage of Covered-Employee Payroll	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
Asset Valuation Method	Market Value	Market Value	Market Value
Amortization Method	Straight Line	18 year Level Dollar	21 year Level Dollar
Discount Rate	2.16%	3.50%	3.00%
Asset Earnings Rate	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**

Plan Year 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

**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	9,276,347	9,276,437	-	137,240,826	6.76

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**

Plan Fiscal Year 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

**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

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\***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability					
Service Cost	\$ 143,056	\$ 147,927	\$ 153,709	\$ 204,839	\$ 218,464
Interest	148,501	151,844	150,033	132,981	131,604
Differences Between Expected and Actual Experience	(332,681)	-	52,116	-	-
Changes in Assumptions	573,128	-	(462,943)	-	-
Benefit Payments	<u>(202,796)</u>	<u>(200,900)</u>	<u>(191,284)</u>	<u>(205,636)</u>	<u>(216,497)</u>
Net Change in Total Pension Liability	329,208	98,871	(298,369)	132,184	133,571
Total Pension Liability - Beginning	4,344,288	4,245,417	4,543,786	4,411,602	4,278,031
Total Pension Liability - Ending	<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	 \$ 19,083,298	 \$ 18,709,116	 \$ 19,724,097	 \$ 20,460,635	 \$ 15,600,736
 District's Net Pension Liability as a Percentage of Covered Payroll	 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, 2021**

**NOTE 1 OTHER POSTEMPLOYMENT BENEFITS**

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

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.

**NOTE 2 PENSION BENEFITS**

**Wisconsin Retirement System (WRS)**

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

No significant changes in assumptions were noted from the prior year.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. 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.

**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.

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

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

- 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, 2021.



**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

**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)	\$ 285,933,269	\$ 20,127,144
Reclassification of Special Education	<u>20,127,144</u>	<u>(20,127,144)</u>
Total Revenues	306,060,413	-
Expenditures		
Actual Amounts (Budgetary Basis)	239,018,611	53,019,424
Reclassification of Special Education	<u>53,019,424</u>	<u>(53,019,424)</u>
Total Expenditures	<u>292,038,035</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures		
Actual Amounts (Budgetary Basis)	46,914,658	(32,892,280)
Reclassification of Special Education	<u>(32,892,280)</u>	<u>32,892,280</u>
Excess of Revenues Over (Under) Expenditures	14,022,378	-
Other Financing Sources (Uses)		
Actual Amounts (Budgetary Basis)	(31,497,483)	32,892,280
Reclassification of Special Education	<u>32,892,280</u>	<u>(32,892,280)</u>
Total Other Financing Sources (Uses)	<u>1,394,797</u>	<u>-</u>
Net Change in Fund Balance		
Actual Amounts (Budgetary Basis)	<u>15,417,175</u>	<u>-</u>
Fund Balance - July 1		
Actual Amounts (Budgetary Basis)	<u>44,754,910</u>	<u>-</u>
Fund Balance - June 30		
Actual Amounts (Budgetary Basis)	<u>\$ 60,172,085</u>	<u>\$ -</u>

**RACINE UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

**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, 2021 as follows:

Funds	Excess Expenditures
General Fund	
Instruction	
Regular Instruction	\$ 55,315
Support services	
Pupil Services	108,761
General Administration Services	39,960
School Administration Services	40,790
Operations and Maintenance of Plant	525,591
Insurance	38,744
Debt Service	
Interest and Fiscal Charges	4,465
Special Education Fund	
Instruction	
Vocational Instruction	352
Special Education Instruction	86,013
Other Instruction	592
Support services	
Pupil Services	140,317
General Administration Services	13,437
Business Services	1,918
Operations and Maintenance of Plant	26,010
Other Support Services	4,272
Nonprogram	
Special Education Tuition Payments	170,293

**RACINE UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	Special Revenue				Debt Service	Total Nonmajor Governmental Funds
	Donations	Special Projects	Community Service	Food Service	Nonreferendum Debt Service	
<b>ASSETS</b>						
Cash and Investments	\$ 276,506	\$ -	\$ -	\$ 1,583,894	\$ 2,331,079	\$ 4,191,479
Receivables:						
Accounts	1,624	-	-	1,692	-	3,316
Due from Other Funds	1,270,956	42,163	6,421,354	1,210,671	2,997,767	11,942,911
Due from Other Governments	-	227,673	-	257,988	-	485,661
	<u>-\$ 1,549,086</u>	<u>\$ 269,836</u>	<u>\$ 6,421,354</u>	<u>\$ 3,054,245</u>	<u>\$ 5,328,846</u>	<u>\$ 16,623,367</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 3,662	\$ -	\$ 78,656	\$ -	\$ -	\$ 82,318
Due to Other Funds	-	203,410	-	-	3,584,650	3,788,060
Unearned Revenues	-	-	-	55,601	-	55,601
Total Liabilities	<u>3,662</u>	<u>203,410</u>	<u>78,656</u>	<u>55,601</u>	<u>3,584,650</u>	<u>3,925,979</u>
<b>FUND BALANCES</b>						
Restricted	<u>1,545,424</u>	<u>66,426</u>	<u>6,342,698</u>	<u>2,998,644</u>	<u>1,744,196</u>	<u>12,697,388</u>
Total Fund Balances	<u>1,545,424</u>	<u>66,426</u>	<u>6,342,698</u>	<u>2,998,644</u>	<u>1,744,196</u>	<u>12,697,388</u>
	<u>\$ 1,549,086</u>	<u>\$ 269,836</u>	<u>\$ 6,421,354</u>	<u>\$ 3,054,245</u>	<u>\$ 5,328,846</u>	<u>\$ 16,623,367</u>

**RACINE UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021**

	Special Revenue			Debt Service		Total Nonmajor Governmental Funds
	Donations	Special Projects	Community Service	Food Service	Nonreferendum Debt Service	
<b>REVENUES</b>						
Property Taxes	\$ -	\$ -	\$ 3,900,000	\$ -	\$ 13,626,774	\$ 17,526,774
Other Local Sources	487,636	-	254,960	31,582	7,917	782,095
State Sources	-	-	-	139,364	-	139,364
Federal Sources	-	499,291	29,494	5,088,437	-	5,617,222
Other Sources	-	-	-	1,220	59,725	60,945
<b>Total Revenues</b>	<b>487,636</b>	<b>499,291</b>	<b>4,184,454</b>	<b>5,260,603</b>	<b>13,694,416</b>	<b>24,126,400</b>
<b>EXPENDITURES</b>						
Instruction						
Regular Instruction	53,546	-	-	-	-	53,546
Vocational Instruction	10,142	-	-	-	-	10,142
Other Instruction	89,151	308,178	-	-	-	397,329
<b>Total Instruction</b>	<b>152,839</b>	<b>308,178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>461,017</b>
Support Services						
Pupil Services	30,821	-	-	-	-	30,821
Instructional Staff Services	95,704	166,242	-	-	-	261,946
General Administration Services	34,931	-	15,283	-	-	50,214
School Administration Services	21,906	-	100,626	-	-	122,532
Business Services	2,767	-	-	46	-	2,813
Operation and Maintenance of Plant	-	-	125,039	526,034	-	651,073
Pupil Transportation Services	-	5,667	-	-	-	5,667
Food Services	-	-	-	4,524,399	-	4,524,399
Central Services	-	-	595	-	-	595
Other Support Services	-	-	440	673	-	1,113
<b>Total Support Services</b>	<b>186,129</b>	<b>171,909</b>	<b>241,983</b>	<b>5,051,152</b>	<b>-</b>	<b>5,651,173</b>
Debt Service						
Principal	-	-	-	-	14,003,505	14,003,505
Interest and Fiscal Charges	-	-	-	-	5,264,897	5,264,897
<b>Total Debt Service</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,268,402</b>	<b>19,268,402</b>
Community Service	-	-	3,023,315	-	-	3,023,315
Nonprogram						
Adjustments and Refunds	12,408	-	-	-	-	12,408
Post-Secondary Scholarship Expenditures	15	-	-	-	-	15
<b>Total Nonprogram</b>	<b>12,423</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,423</b>
<b>Total Expenditures</b>	<b>351,391</b>	<b>480,087</b>	<b>3,265,298</b>	<b>5,051,152</b>	<b>19,268,402</b>	<b>28,416,330</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>136,245</b>	<b>19,204</b>	<b>919,156</b>	<b>209,451</b>	<b>(5,573,986)</b>	<b>(4,289,930)</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Long-Term Debt Issued	-	-	-	-	26,945,000	26,945,000
Premium on Debt Issued	-	-	-	-	1,850,319	1,850,319
Payment to Current Bondholder	-	-	-	-	(15,325,000)	(15,325,000)
Payment to Advance Refunding Escrow Agent	-	-	-	-	(12,401,495)	(12,401,495)
Transfers In	-	-	-	-	4,669,767	4,669,767
Transfers Out	(9,400)	(19,204)	(1,555,000)	-	-	(1,583,604)
<b>Total Other Financing Sources (Uses)</b>	<b>(9,400)</b>	<b>(19,204)</b>	<b>(1,555,000)</b>	<b>-</b>	<b>5,738,591</b>	<b>4,154,987</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>126,845</b>	<b>-</b>	<b>(635,844)</b>	<b>209,451</b>	<b>164,605</b>	<b>(134,943)</b>
Fund Balance - July 1, as Originally Stated	1,205,809	66,426	6,978,542	2,789,193	1,579,591	12,619,561
Cumulative Effect of Change in Accounting Principle	212,770	-	-	-	-	212,770
Fund Balance - July 1, as Restated	1,418,579	66,426	6,978,542	2,789,193	1,579,591	12,832,331
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,545,424</b>	<b>\$ 66,426</b>	<b>\$ 6,342,698</b>	<b>\$ 2,998,644</b>	<b>\$ 1,744,196</b>	<b>\$ 12,697,388</b>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH 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, Racine, Wisconsin, (the District) as of and for the year ended June 30, 2021, 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, 2021.

**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 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 may exist that have not been identified.

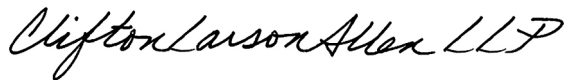
To the Board of Education  
Racine Unified School District

### **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 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 on compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Milwaukee, Wisconsin  
December 15, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND 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 State Program**

We have audited the Racine Unified School District, Racine, Wisconsin's (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *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 state programs for the year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, the Uniform Guidance and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

To the Board of Education  
Racine Unified School District

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

### **Report On Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2021



**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021**

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/20	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/21	Total Expenditures	Subrecipient Payments
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
<i>Child Nutrition Cluster</i>								
Donated Commodities 20-21	10.555	WI DPI	2021-514620-DPI-NSL-547	\$ -	\$ 688,696	\$ -	\$ 688,696	\$ -
COVID 19- NSL Snack Program	10.555	WI DPI	2020-514620-DPI-SK_NSL-561	(1,640)	1,640	-	-	-
COVID 19- NSL Area Eligible Snack Program	10.555	WI DPI	2020-514620-DPI-NSLAE-566	(20,760)	20,760	-	-	-
COVID 19- NSL Area Eligible Snack Program	10.555	WI DPI	2021-514620-DPI-NSLAE-566	-	-	2,925	2,925	-
Total NSL Area Eligible Snack Program				(20,760)	20,760	2,925	2,925	-
COVID 19- Summer Food Service Program for Children	10.559	WI DPI	2021-514620-DPI-SFSP-566	(172,928)	3,966,781	238,361	4,032,214	-
Total Child Nutrition Cluster				(195,328)	4,677,877	241,286	4,723,835	-
Child and Adult Care Food Program	10.558	WI DPI	2021-514620-DPI-AR-566	-	309,541	1,427	310,968	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2021-514620-DPI-FFVPJULPUB-594	-	38,360	15,275	53,635	-
Total Fresh Fruit and Vegetable Program				-	38,360	15,275	53,635	-
Total U.S. Department of Agriculture				(195,328)	5,025,778	257,988	5,088,438	-
<b>U.S. DEPARTMENT OF EDUCATION</b>								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2020-514620-TI-D Delin-140	(13,314)	13,314	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2021-514620-DPI-TI-D N&D-144	-	28,356	12,033	40,389	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2020-514620-TIA-141	(2,550,162)	2,550,162	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2021-514620-DPI-TIA-141	-	5,174,357	2,071,434	7,245,791	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2020-514620-Focus-145	(43,131)	43,131	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2021-514620-DPI-CSI-148	-	183,391	266,695	450,086	-
Total Title I Grants to Local Educational Agencies				(2,606,607)	7,992,711	2,350,162	7,736,266	-
<i>Special Education Cluster (IDEA)</i>								
Special Education Grants to States	84.027	WI DPI	2020-514620-DPI-IDEA-F-341	(1,114,212)	1,114,212	-	-	-
Special Education Grants to States	84.027	WI DPI	2021-514620-DPI-IDEA-FT-341	-	3,411,185	1,395,438	4,806,623	-
Special Education Grants to States	84.027	WI DPI	2020-514620-DPI-IDEA-F-341	(520,959)	520,959	-	-	-
Special Education Grants to States	84.027	WI DPI	2021-514620-DPI-IDEA-FT-341	-	701,384	307,079	1,008,463	-
Total Special Education Grants to States				(1,635,171)	5,747,740	1,702,517	5,815,086	-
Special Education Preschool Grants	84.173	WI DPI	2020-514620-CTE-400	(54,145)	54,145	-	-	-
Special Education Preschool Grants	84.173	WI DPI	2021-514620-DPI-CTE-400	-	157,146	101,353	258,499	-
Total Special Education Cluster (IDEA)				(1,689,316)	5,959,031	1,803,870	6,073,585	-
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2020-514620-DPI-EHCY-335	(18,461)	18,461	-	-	-
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2021-514620-DPI-EHCY-335	-	154,687	61,467	216,154	-
Total Career and Technical Education - Basic Grants to States				(18,461)	173,148	61,467	216,154	-

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, 2021**

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/20	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/21	Total Expenditures	Subrecipient Payments
Education for Homeless Children and Youth	84.196	WI DPI	2020-514620-DPI-EHCY-335	\$ (15,344)	\$ 15,344	\$ -	\$ -	\$ -
Education for Homeless Children and Youth	84.196	WI DPI	2021-514620-DPI-EHCY-335	-	58,795	20,887	79,682	-
Total Education for Homeless Children and Youth				(15,344)	74,139	20,887	79,682	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2020-514620-CLC DPI-367	(82,766)	82,766	-	-	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2021-514620-DPI-T-IV-B-367	-	271,618	227,673	499,291	-
Total Twenty-First Century Community Learning Centers				(82,766)	354,384	227,673	499,291	-
English Language Acquisition State Grants	84.365	WI DPI	2020-514620-DPI-T3 -391	(52,073)	52,073	-	-	-
English Language Acquisition State Grants	84.365	WI DPI	2021-514620-DPI-TIIIA-391	-	119,914	112,552	232,466	-
Total English Language Acquisition State Grants				(52,073)	171,987	112,552	232,466	-
Supporting Effective Instruction State Grants	84.367	WI DPI	2020-514620-TIIA-365	(399,144)	399,144	-	-	-
Supporting Effective Instruction State Grants	84.367	WI DPI	2021-514620-DPI-TIIA-365	-	723,987	314,396	1,038,383	-
Total Improving Teacher Quality State Grants				(399,144)	1,123,131	314,396	1,038,383	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2020-514620-TIVA - DPI-381	(94,158)	94,158	-	-	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2021-514620-DPI-TIV-A-381	-	190,574	102,239	292,813	-
Total Improving Teacher Quality State Grants				(94,158)	284,732	102,239	292,813	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	WI DPI	2021-514620-DPI-ESSERF-160	(226,721)	1,417,768	4,000,255	5,191,302	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	WI DPI	2021-514620-DPI-ESSERF-160	-	-	30,073	30,073	-
COVID-19 Governors Emergency Education Relief Fund	84.425C	WI DPI	2021-514620-DPI-GEERF-162	-	1,318,923	518,234	1,837,157	-
Total Improving Teacher Quality State Grants				(226,721)	2,736,691	4,548,562	7,058,532	-
Total U.S. Department of Education				(5,184,590)	18,869,954	9,541,808	23,227,172	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
Pregnancy Assistance Fund Program	93.500	WI DPI	2020-514620-DPI-Inspir-591	(39,666)	39,666	-	-	-
Total Pregnancy Assistance Fund Program				(39,666)	39,666	-	-	-
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS	44211100	-	3,305,584	-	3,305,584	-
Total Medicaid Cluster				-	3,305,584	-	3,305,584	-
Total U.S. Department of Health and Human Services				(39,666)	3,345,250	-	3,305,584	-
Total Federal Awards				<u>\$ (5,419,584)</u>	<u>\$ 27,240,982</u>	<u>\$ 9,799,796</u>	<u>\$ 31,621,194</u>	<u>\$ -</u>
Reconciliation to the Basic Financial Statements								
Federal Sources							\$	31,679,535
Less: Nongrant Related Revenues								(58,341)
Total Expenditures of Federal Awards							<u>\$</u>	<u>31,621,194</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, 2021**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/20	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/21	Total Expenditures	Subrecipient Payments
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>								
Special Education and School Age Parents	255.101	Direct Program	514620-100	\$ -	\$ 13,475,301	\$ -	\$ 13,475,301	\$ -
State School Lunch Aid	255.102	Direct Program	514620-107	-	78,118	-	78,118	-
Common School Fund Library Aid	255.103	Direct Program	514620-104	-	937,137	-	937,137	-
Bilingual Bicultural Aid Lea	255.106	Direct Program	514620-111	-	349,151	-	349,151	-
General Transportation Aid	255.107	Direct Program	514620-102	-	439,518	-	439,518	-
Equalization Aids	255.201	Direct Program	514620-116	(2,431,857)	154,856,501	2,447,055	154,871,699	-
Integration Transfer - Resident	255.205	Direct Program	514620-105	-	2,201,857	-	2,201,857	-
High Cost Special Education Aid	255.210	Direct Program	514620-119	-	551,803	-	551,803	-
Aid for School Mental Health Programs	255.227	Direct Program	514620-176	-	470,225	-	470,225	-
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	-	14,381	-	14,381	-
School base mental health services grant	255.297	Direct Program	514620-297	(58,750)	88,083	64,317	93,650	-
Peer Review and Mentoring	255.301	Direct Program	514620-387	(308)	11,132	-	10,824	-
Alcohol and Other Drug Abuse	255.306	Direct Program	514620-395	(24,986)	32,402	16,587	24,003	-
State School Breakfast Aid	255.344	Direct Program	514620-108	-	61,246	-	61,246	-
Tuition Payments by State	255.401	Direct Program	514620-157	-	315,284	-	315,284	-
Tuition Payments Spec Education	255.401	Direct Program	514620-158	-	186,481	-	186,481	-
Total Tuition Payments by State				-	501,765	-	501,765	-
Student Achievement Guarantee in Education (SAGE)	255.504	Direct Program	514620-160	-	1,229,275	-	1,229,275	-
Early College Credit Program	255.445	Direct Program	514620-178	-	394	-	394	-
Aid for High Poverty School District	255.926	Direct Program	514620-121	-	1,434,892	-	1,434,892	-
Educator Effective Evaluation System	255.940	Direct Program	514620-154	(13,109)	132,659	-	119,550	-
Per Pupil Aid	255.945	Direct Program	514620-113	-	13,800,458	-	13,800,458	-
Supplemental Per Pupil Aid	244.245	Direct Program	514620-181	-	56,520	-	56,520	-
Career and Technical Education Incentive Grants	255.950	Direct Program	514620-151	-	195,423	-	195,423	-
Assessments of Reading Readiness	255.956	Direct Program	514620-166	-	23,954	-	23,954	-
Robotics League Participation Grants	255.959	Direct Program	514620-167	(4,359)	4,359	-	-	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	514620-168	-	75,000	-	75,000	-
Total Wisconsin Department of Public Instruction				(2,533,369)	191,026,554	2,527,959	191,021,144	-
<b>Wisconsin Department of Justice</b>								
School Safety Grant	455.206	Direct Program		(208,467)	579,827	-	371,360	-
School Safety Grant	455.206	Direct Program		(179,741)	219,283	-	39,542	-
Total Wisconsin Department of Justice				(388,208)	799,110	-	410,902	-
Total State Programs				\$ (2,921,577)	\$ 191,825,664	\$ 2,527,959	\$ 191,432,046	\$ -
Reconciliation to the Basic Financial Statements								
							\$ 192,843,169	
							14,381	
							(1,418,242)	
							(7,262)	
							<u>\$ 191,432,046</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, 2021**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal and state awards for the Racine Unified School 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 2021 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 2020-2021 eligible costs under the State Special Education Program as reported by the District are \$47,434,723. 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, 2021**

**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

**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

**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:**

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
	<i>Child Nutrition Cluster:</i>
10.555	COVID-19 National School Lunch Program
10.559	COVID-19 Summer Food Service Program
	<i>Medicaid Cluster:</i>
93.778	Medical Assistance Program
	<i>Elementary and Secondary Education Cluster:</i>
84.425C	COVID-19 Governor’s Emergency Education Relief Fund
84.425D	COVID-19 Elementary and Secondary School Emergency Relief Fund

**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

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**Section I – Summary of Auditors’ Results (Continued)**

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**Identification of major state programs:**

<u>State ID Number(s)</u>	<u>Name of State Program</u>
255.101	Special Education and School Age Parents
255.201	General Equalization Aids
255.205	Integration Transfer
255.210	High Cost Special Education Aid
255.401	Tuition Payments By State/Special Education
255.926	Aid for High Poverty School Districts

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

Federal Awards:	<u>\$948,636</u>
State Awards	<u>\$250,000</u>

Auditee qualify as low-risk auditee?                        X   Yes                             No

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**Section II – Financial Statement Findings**

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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, 2021.

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**Section III – Federal and State Award Findings and Questioned Costs**

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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, 2021.

**RACINE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

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***Section IV – Other Issues***

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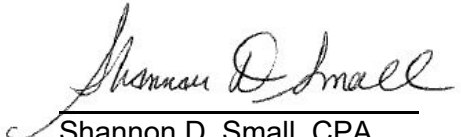
1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

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 Justice	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, 2021