

**Board of Education
Business Meeting**

December 18, 2017

Superintendent's Report



Memorandum of Understanding

Racine Unified School District, Gateway Technical College,
& Associated General Contractors (AGC) of Wisconsin

OVERVIEW

A collaborative relationship between the Racine Unified School District (RUSD), Gateway Technical College and the Associated General Contractors (AGC) of Wisconsin that is mutually beneficial and works toward shared goals and purpose through an agreed upon division of labor, services, outcomes and financial responsibility.

PARTNERSHIP OBJECTIVES

Support RUSD's existing Construction and Engineering Career Academies that provides a pathway for high school students into careers in the Architecture, Construction and/or Engineering upon graduation.

Key Elements

- Promote a partnership between the skilled trades industry and RUSD
- Skilled trades events coordinated by AGC of Wisconsin and its member contractors
- Job shadow opportunities provided by AGC of Wisconsin members – both general and specialty contractors
- Assistance in adherence and education to OSHA and general industry safety standards.
- Professional development opportunities for RUSD Academy staff and administrators through AGC of Wisconsin hosted externships and membership meetings.
- Active promotion of a career in the skilled trades, construction management, engineering and architecture with an emphasis on bringing the trades into the schools in an organized, age appropriate, planned manner
- Financial support provided by AGC of Wisconsin
- Multi-year effort
- Speaking opportunities for AGC of Wisconsin members to provide career guidance in the classroom and at appropriate career related events.
- Articulation of qualifying Academy coursework into college credit at Gateway Technical College
- Industry collaboration with staff to provide assistance with curriculum, trade techniques and trends.
- Promotion of Youth Apprenticeship and assistance from the AGC of Wisconsin in navigating the Youth Apprenticeship process.

Resource Commitment

Ongoing financial commitment by AGC of Wisconsin based on Academy needs such as: facility enhancements, construction equipment, safety materials, curriculum and professional development needs

- School Career Fairs and Presentations
- School Hands On Demonstrations
- Youth Apprenticeship Navigation
- Heavy Equipment Simulators

Board Development



Program Evaluation Executive Summary:

Racine Unified School District's School Based Mental Health Clinics

What are the RUSD School Based Mental Health Clinics?

This program provides mental health services directly in schools, where children spend much of their time, in an effort to address many challenges.

Each full-time therapist offers year-round care providing the following:

- Individual therapy
- Family therapy
- Supportive consultation for families and teachers
- Professional development for staff on mental and behavioral health related issues and suspensions

The focus of this treatment is to improve functioning/reduction of symptoms of students with mental health disorders which result in:

1. Higher levels of academic performance
2. Reduced absenteeism
3. Less disruptive behavior including office disciplinary referrals and suspensions



Why is there a need for School Based Mental Health Clinics in RUSD?

Our children and families in RUSD who live in poverty were experiencing difficulty accessing mental health services in the community.

- Children have no insurance or have state Medicaid insurance which provides poor reimbursement for services
- Poor coordination of services with schools with no time spent on care coordination between school staff and providers
- Families experienced difficulty in understanding how to access services
- Parents:
 - must leave work
 - lost wages
 - child care costs
 - transportation issues

Result: unable to keep appointments



Utilization Data for the School Based Mental Health Clinics

2016-17 School Year (four sites):

- 162 referrals
- 110 clients engaged in therapy
- 2,191 sessions completed
- 96% of clients had Medicaid
- 4% of clients had private insurance



School Based Mental Health Clinics at RUSD: Outcome Data Analysis Summary for School Year 2016- 2017

Strengths and Difficulties Questionnaire Data

- SC Johnson ES: 51.6% reported decreased overall issues
- Wadewitz ES: 52.1% reported decreased overall issues

Additional Data:

- A decrease in ODRs were seen at each school site
- 48% of students demonstrated an improvement in attendance after participating in the mental health clinic
- Wadewitz ES experienced a 70% reduction in OSS episodes for students who participated in the mental health clinic
- Students showed a growth of MAP score equal to all students at each site from fall to spring



School Based Mental Health Clinics at RUSD: Recommendations

- Create a Professional Staff Development Training Program
 - 3 Year Rollout Plan: \$12,500 per year plus initial trainer certification of \$6,000 for Mental Health First Aid
 - Other trainings by CHW is \$14,000 per year
- Continue to refine a braided funding approach to create long-term sustainability of these services
- Develop plan to expand school based mental health services to middle-high school students



Action Items

**RACINE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

**December 18, 2017
Finance**

- AGENDA ITEM:** 2016-17 Annual Financial Audit
- PRESENTING:** Marc Duff, Chief Financial Officer
- DESCRIPTION:** Board policy OE-6 (Financial Administration – External) requires the completion of an annual financial audit of all District funds and accounts and the publishing of a financial condition statement annually. Schenck, the District’s auditing firm, has completed the audit of the 2016-17 fiscal year.
- Schenck’s review of the District’s finances and accounting procedures found the District complied with accounting standards and there were no material weaknesses to report.
- While this unmodified opinion of the auditor indicates a clean audit, as has been done in previous years the report includes recommendations. Those recommendations include the following:
1. Internal control policies and procedures be developed for funds and bank accounts at schools. District administration has already started working to address this area.
 2. Update processes for recording transactions to the Private Purpose Trust Fund. The Finance Department had already implemented procedures to address this recommendation.
 3. Conduct periodic compliance reviews of special education staff licensing.
- It can be noted improvements were made related to a finding last year that processes and procedures be improved related to staff licensing.
- FISCAL NOTE:** See attached audit report. No significant changes to the District’s financials.
- RECOMMENDATION:** Receive the 2016-17 annual financial audit report as presented.
- ACTION TAKEN:**

**RACINE UNIFIED SCHOOL DISTRICT
RACINE, WISCONSIN**

MANAGEMENT COMMUNICATIONS

JUNE 30, 2017

RACINE UNIFIED SCHOOL DISTRICT
June 30, 2017

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

We have audited the financial statements of the governmental activities, the each major fund, and the aggregate remaining fund information of the Racine Unified School District, Racine, Wisconsin (the "District") for the year ended June 30, 2017. The District's financial statements, including our report thereon dated November 30, 2017, are presented in a separate audit report document. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance and *State Single Audit Guidelines*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities Under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards*, Uniform Guidance and *State Single Audit Guidelines*

As stated in our engagement letter dated May 1, 2017, our responsibility, as described by professional standards, is to express opinions about whether the financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on major federal and state programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Uniform Guidance and the *State Single Audit Guidelines*.

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with Uniform Guidance and the *State Single Audit Guidelines*, we examined, on a test basis, evidence about the District's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Compliance Supplement" and the *State Single Audit Guidelines* applicable to each of its major federal and state programs for the purpose of expressing an opinion on the District's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the District's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters.

Significant Audit Findings

Consideration of Internal Control

Financial Statements

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing 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. Our report on internal control over financial reporting and on compliance and other matters is presented on pages 61 - 62 of the annual report.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Federal and State Awards

In planning and performing our audit of compliance for each major federal and state program, we considered the District's internal control over compliance (internal control) as a basis for designing audit procedures for the purpose of expressing our opinion on compliance requirements 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, 2017, 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. Our report on internal control over compliance is presented on pages 63 - 64 of the annual report.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified.

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, noncompliance on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that noncompliance of the District's major federal or state award programs will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. As described in Note C.5. to the financial statements, the District changed accounting policies relating to pension benefits by adopting Governmental Accounting Standards Board Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Now Within the Scope of GASB Statement 68*, No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2017. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of activities. We noted no significant transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. To the best of our knowledge, all significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates included in the financial statements were:

Management's estimate of the supplemental pension plan and related deferred outflows/inflows of resources is based on an actuarial report. We evaluated the key factors and assumptions used to develop the supplemental pension benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the depreciable life of the capital assets is based upon analysis of the expected useful life of the capital assets. We evaluated the key factors and assumptions and the consistency in these factors and assumptions used to develop the depreciable life in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the incurred, but not reported (IBNR) insurance reserves are based on actuarial projections of the expected cost of the ultimate settlement and administration of claims. We evaluated the key factors and assumptions used to develop the reserves in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability (asset) and related deferred outflows/inflows of resources is based on information received from the Wisconsin Retirement System. We evaluated the key factors and assumptions used to develop the net pension liability (asset) and related deferred outflows/inflows of resources in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the fair value of the investments is based on ending market values as of June 30, 2017 as reported by the investment managers. We evaluated the key factors and assumptions used in valuing the investments in determining that they are reasonable in relation to the consolidated financial statements taken as a whole.

Management's estimates of the other post-employment benefits and related deferred outflows/inflows of resources are based on an actuarial report. We evaluated the key factors and assumptions used to develop the other post-employment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Copies of the audit adjustments are available from management. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 30, 2017. The management representation letter follows this communication.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and, to the best of our knowledge, our responses were not a condition to our retention.

In addition, during our audit, we noted certain other matters that are presented for your consideration. We will review the status of these comments during our next audit engagement. Our comments and recommendations are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these matters in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized in the other comments and observations section of this report.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison information, and the schedules relating to pensions and other post-employment benefits, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Board of Education, management, and others within the District and is not intended to be, and should not be, used by anyone other than these specified parties.
Sincerely,


Certified Public Accountants
Green Bay, Wisconsin
November 30, 2017

OTHER COMMENTS AND OBSERVATIONS

1. Student Activity

Consistent processing procedures over student activity records maintained at each school are an important internal control area we review during the audit because of the decentralized nature of these transactions and bank accounts. Accordingly, we randomly selected seven District schools to test their procedures relating to receipts, disbursements, and monthly bank reconciliations. We have summarized our results below:

Overall Comments

- Principal funds are being used throughout the schools for various items such as staff meeting meals, soda machines, etc.
- A deposit slip is not being used by the teachers/advisors when making deposits, thus teachers/advisors are not always receiving receipts and the funds being deposited are not verified against what is being received.
- Debit cards are being used to purchase student activity related items under the control of the advisor and/or secretary without a formal policy in place.
- Segregation of duties with respect to authorization, custody, and recordkeeping functions may not always be optimal.

Horlick High School

- See comments above regarding the use of principal funds and segregation of duties.

Park High School

- Receipts are being numbered by the day versus being prenumbered and continuous.
- There is currently not a consistent schedule for timely depositing and reconciling of receipts.
- Instruction related accounts are currently classified in Fund 60 and should be Fund 10 or 21.

Case High School

- See comments above regarding the use of principal funds and segregation of duties.

Gilmore Middle School

- See comment above regarding segregation of duties.
- Instruction related accounts are currently classified in Fund 60 and should be Fund 10 or 21.

Jerstad Middle School

- See comments above regarding principal funds, deposit slips, and segregation of duties.
- No standardized process currently exists for collecting funds and receipting.
- Manual check was used for disbursement.

Jerstad Elementary School

- See comments above regarding principal funds and segregation of duties.
- Principal/general accounts are being used for items such as teacher breakfasts.
- Supporting documentation was unavailable for select disbursements.
- No standardized process currently exists for collecting funds and receipting.

We recommend the District establish a set of uniform internal control policies and procedures to be implemented at all the District's schools, specifically detailing controls over student activities receipts, disbursements, and bank reconciliations. In establishing these policies and procedures, it is important to emphasize adequate monitoring, approvals, and segregation of duties. Further, we recommend that all student activity accounts be evaluated for its purpose and determined whether or not they fit the Wisconsin Department of Public Instruction's (WI DPI) Agency Fund Guidelines definition to ensure they should continue to be recorded within pupil activity funds. In conjunction with evaluating the accounts, determine if they would be better fit for a special revenue trust fund or an agency fund for scholarships. During testing, it was found that there are scholarship accounts being treated as student activity.

OTHER COMMENTS AND OBSERVATIONS (Continued)

2. Private Purpose Trust Fund

The District currently records private purpose trust fund (fund 72) transactions using only balance sheet accounts. As a result, reclassifications are required to properly report revenues and expenses in the District's financial statements.

While the financial activity in the fund is insignificant to the overall operations of the District, additional effort is required to segregate financial transactions and properly report balances. Accordingly, we recommend the District re-evaluate its current process for recording these transactions to better reflect the actual activity throughout the year.

3. Special Education Aid Grant Management

State special education aid was selected as a state major program in accordance with the requirements of the *State Single Audit Guidelines* for the 2016-17 fiscal year. Our testing of compliance focuses on a number of compliance requirements, including the requirement that District staff working in the special education program be properly licensed for the students they instruct. Wisconsin Department of Public Instruction (DPI) provides us with a list of District staff reported by the District as working in the special education program and their related license as contained in DPI's licensing database.

In 2016-17, this comparison identified ten employees and not being properly licensed at the point in time of the comparison. These employees require resolution during our audit. We determined that four individuals received their license after the report was generated, leading to the District being able to code their costs to aidable lines. In addition, four additional individuals were terminated during the year and their corresponding costs were not charged to an aidable line. The final two individuals had applied for emergency licenses and they were in process at the time of the report. In prior years, this list of individuals to be subsequently reviewed during the audit process has exceeded twenty.

We recommend the District's Finance office, Special Education department, and Human Resources department work together to continue to enhance controls over licensing of all staff and the preparation of the annual fall staffing report. We recommend considering implementing quarterly or semi-annual reviews of all personnel coded to project 011 in the accounting system. During these reviews, each staff's license would be reviewed in comparison to DPI's Valid Reporting and License Codes matrix and their job assignment and adjustments in the general ledger would be made as needed at that time. We also recommend the Special Education department review DPI's guidance on allowable costs and regularly review the transactions posted to project 011 expense accounts to ensure only allowable costs are included.

APPENDIX



Finance Department

November 30, 2017

Schenck SC
2200 Riverside Drive
P.O. Box 23819
Green Bay, WI 54305-3819

This representation letter is provided in connection with your audit of the financial statements of the Racine Unified School District, Racine, Wisconsin (the "District"), which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2017, and the respective changes in the financial position for the year then ended, and the related notes to the financial statements for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items in No. 54 are considered material based on the materiality criteria specified in Title 2 U.S. Code of Federal Regulations (CFR) 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. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of November 30, 2017, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 1, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. In regard to accounting estimates:
 - The measurement processes used by management in determining accounting estimates is appropriate and consistent.
 - The assumptions appropriately reflect management's intent and ability to carry out specific courses of action.
 - The disclosures related to accounting estimates are complete and appropriate.
 - No subsequent event has occurred that would require adjustment to the accounting estimates or disclosures included in the financial statements.
7. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
8. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.
9. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the District's accounts.
10. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedules of expenditures of federal awards and state financial assistance.

14. We made an assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have disclosed the results of our assessment as follows:
 - a. We have no knowledge of any fraud or suspected fraud that affects the District and involves:
 - i. Management,
 - ii. Employees who have significant roles in internal control, or
 - iii. Others where the fraud could have a material effect on the financial statements.
 - b. We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.
15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government - specific

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have a process to track the status of audit findings and recommendations.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
22. The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
23. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
24. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statements amounts or other financial data significant to the audit objectives.

26. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
27. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
28. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes, the schedule of expenditures of federal awards, and the schedule of state financial assistance.
29. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
30. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
31. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
32. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
33. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
34. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
35. Components of net position (net investment in capital assets, restricted, and unrestricted) and components of fund balance (non-spendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
36. Provisions for uncollectible receivables have been properly identified and recorded.
37. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
38. Revenues are appropriately classified in the statement of activities within program revenues or general revenues.
39. Inter-fund, internal, and intra-entity activity and balances have been appropriately classified and reported.
40. Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.
41. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

42. We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position is properly recognized under the policy.
43. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
44. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
45. We acknowledge our responsibility for presenting the non-major fund combining statements, individual fund statements, supporting schedules (the supplementary information) in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
46. We agree with the findings of specialists in evaluating the other post-employment benefits, pension benefits, and incurred but not reported claims and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
47. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the District's name" during the period significantly exceeded the amounts in those categories as of the balance sheet was properly disclosed in the financial statements.
48. The methods and significant assumptions used to determine fair values of financial instruments are as follows: Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.
49. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
50. Capital assets have been evaluated for impairment as a result of significant and unexpected decline in service utility.
51. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
52. We do not plan to make frequent amendments to our pension or other post-retirement benefit plans.

53. We have not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board No. 84, *Fiduciary Activities*, and No. 87, *Leases*. The District is therefore unable to disclose the impact that adopting these GASB Statements will have on its financial position and the results of its operations when the Statements are adopted.

54. With respect to federal and state award programs:

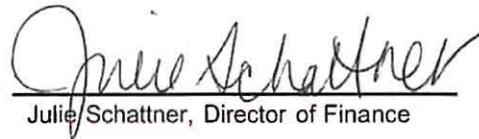
- a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, including requirements relating to preparation of the schedule of federal awards and the schedule of state financial assistance.
- b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance and the schedule of state financial assistance (SSFA) and related notes in accordance with the requirements of the *State Single Audit Guidelines* and we believe the SEFA and SSFA, including their form and content, are fairly presented in accordance with the Uniform Guidance and the Guidelines. The methods of measurement or presentation of the SEFA and SSFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA and SSFA.
- c. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and the *State Single Audit Guidelines* compliance audits, and have included in the SEFA and SSFA expenditures made during the audit period for all awards provided by federal and state agencies in the form of awards, cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- d. We are responsible for understanding and complying with, and have complied with, the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major federal and state program.
- e. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provide reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- f. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.
- g. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- h. We have complied with the direct and material compliance requirements, (except for noncompliance disclosed to you) including when applicable, those set forth in the *OMB Compliance Supplement* and the *State Single Audit Guidelines*, relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal and state awards.

- i. We have disclosed any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- j. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- k. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMS's Uniform Guidance (2 CFR part 200, subpart E) and Circular A-87, *Cost Principles for State, Local, and Tribal Governments*, if applicable.
- l. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- m. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- n. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- o. There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- p. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditors' report.
- q. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- r. The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
- s. We have charged costs to federal and state awards in accordance with applicable cost principles.
- t. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and the *State Single Audit Guidelines*, and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- u. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- v. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.

w. We are responsible for taking corrective action on each audit finding that meets the requirements of the Uniform Guidance and the *State Single Audit Guidelines*.

55. We have evaluated and classified any subsequent events as recognized or non-recognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signed: 
Marc Duff, Chief Financial Officer

Signed: 
Julie Schattner, Director of Finance

**RACINE UNIFIED SCHOOL DISTRICT
RACINE, WISCONSIN**

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
June 30, 2017

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RACINE UNIFIED SCHOOL DISTRICT

Racine, Wisconsin

June 30, 2017

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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, 2017, 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 of 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 auditors consider 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.

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, 2017, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note C.5., the District adopted new accounting guidance, GASB Statements No. 73, *Accounting and Financial Reporting for Pension and Related Assets That Are Now Within the Scope of GASB Statement 68*, No. 74, *Financial Reporting for Postemployment Benefit Plans* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to these matters.

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 47 through 52 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 financial information listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance 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.

The supplementary information and schedules of expenditures of federal awards and state financial assistance 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 supplementary information, the schedule of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report on Summarized Financial Information

We have previously audited the District's 2016 financial statements, and our report dated December 19, 2016, expressed unmodified opinions on those respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, 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 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 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.


Certified Public Accountants
Green Bay, Wisconsin
November 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS



Racine Unified School District

3109 Mount Pleasant Street, Racine, WI 53404
Financial and Budget Services

Management's Discussion and Analysis
For the Year Ended June 30, 2017

FINANCIAL HIGHLIGHTS

- The District's overall financial position, as reflected in total net position, decreased \$1,602,737 during the 2016-2017 fiscal year. A cumulative effect of change in accounting principle due to the implementation of GASB Statement Nos. 73, 74, and 75 decreased net position an additional \$67,278,023. (See page 12).
- The District's governmental fund balance reported an increase of \$6,804,051 compared to an increase of \$736,219 in the prior year. The increases primarily were in the General Fund of \$2,373,632 and Capital Project Fund of \$3,129,786. The increase in the General Fund was primarily due to savings from health insurance costs for employees and retirees and classroom furniture purchases that were deferred until the 2017-18 fiscal year. The increase in the Capital Projects Fund was due primary due to timing on the receipt of debt proceeds for capital projects and the spending of capital funds.
- The District's reported capital assets increased by \$16,303,094 over the prior year. The increases were primarily due to the purchase of land and the construction of two new school buildings and a large addition and improvements to another school building. (See page 29)

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, and Changes in Fund Balance.
- 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.
- 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 an agency 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 non-major 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.

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, 2017 with a comparison to the prior year.

Table 1			
Condensed Statement of Net Assets			
(in thousands of dollars)			
	School District		%
	2017	2016	Change 2016-17
Assets			
Current assets	\$ 85,014	\$ 81,129	4.8%
Capital assets	166,156	149,853	10.9%
Total Assets	251,170	230,982	8.7%
Deferred Outflows			
Related to pension	56,543	83,496	-32.3%
Related to other post-employment benefits	207	-	N/A
Loss on advance refunding	49	77	-36.4%
Total Deferred Outflows	56,799	83,573	-32.0%
Liabilities			
Long-term obligations	207,124	134,120	54.4%
Other liabilities	25,554	28,346	-9.8%
Total Liabilities	232,678	162,466	43.2%
Deferred Inflows			
Related to pension	25,469	33,386	-23.7%
Net Position			
Net investment in capital assets	63,608	53,417	19.1%
Restricted	15,562	11,258	38.2%
Unrestricted	(29,348)	54,028	-154.3%
Total Net Position	\$ 49,822	\$ 118,703	-58.0%

(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, 2017 with a comparison to the prior year.

Table 2			
Changes in Net Position			
(in thousands of dollars)			
	School District		%
	2017	2016	Change 2016-17
Revenues			
Program Revenues			
Charges for services	\$ 2,564	\$ 2,349	9.2%
Operating grants and contributions	53,966	52,989	1.8%
General Revenues			
Property taxes	85,405	85,619	-0.2%
State Formula aid	148,476	141,035	5.3%
Interest	142	59	140.7%
Other	756	1,272	-40.6%
Total Revenues	291,309	283,323	2.8%
Expenses			
Instruction	150,963	151,003	0.0%
Pupil and instructional services	47,334	42,490	11.4%
Administration and business	60,852	61,336	-0.8%
Central services and insurance	10,136	9,863	2.8%
Interest on debt	2,583	2,623	-1.5%
Non-program	20,194	15,146	33.3%
Community services	850	715	18.9%
Total Expenses	292,912	283,176	3.3%
Increase (Decrease in Net Position)	(1,603)	147	
Cumulative Change in Accounting Principle	(67,278)	-	
Change in Net Position	\$ (68,881)	\$ 147	

General revenues (all revenue except operating grants and contributions and charges for services) provide about 81% of the funding for governmental activities. Racine Unified School District relies on state general aid and property taxes for 51% and 29%, respectively, of its governmental activities.

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
	2017	2016	2017	2016	2016-17
Instruction	\$ 150,963	\$ 151,003	\$ 117,322	\$ 118,913	1.4%
Pupil and instructional services	47,334	42,490	35,040	29,900	-14.7%
Administration and business	60,852	61,336	50,781	50,971	0.4%
Central services and insurance	10,136	9,863	9,739	9,737	0.0%
Interest on debt	2,583	2,623	2,583	2,623	1.5%
Non-program	20,194	15,146	20,171	15,029	-25.5%
Community services	850	715	746	665	-10.9%
Totals	\$ 292,912	\$ 283,176	\$ 236,382	\$ 227,838	-3.6%

Governmental Funds

The District completed the year with a total governmental fund balance of \$60.2 million, an increase of \$6.8 million from the prior year.

- Total general fund revenue for the year was \$1.7 million below budget largely due to lower federal grant claims.
- Total general fund program expenditures, including non-program transactions, was less than the budget by \$3.9 million primarily due to lower employee and retiree health insurance costs.
- The original general fund budget forecasted a decrease in general fund balance of \$1.4 million while the final budget forecast a decrease of \$315 thousand while the actual results showed a \$2.4 million increase.
- The debt service funds fund balance had a net increase of \$488 thousand. 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 March of each year.
- For fiscal year 2016-2017, the capital projects funds fund balance increased by \$3.1 million as debt was issued to fund various projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2017 fiscal year, the District had net capital assets of \$166.2 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.

	Totals School District		%
	2017	2016	2016-17
Land	\$ 4,073	\$ 3,229	26.1%
Work in progress	7,628	43,919	-82.6%
Site improvements	6,182	5,302	16.6%
Buildings	134,972	84,921	58.9%
Machinery and equipment	13,301	12,482	6.6%
Total	\$ 166,156	\$ 149,853	10.9%

Long-Term Debt and Other Obligations

At year end, the district had \$103 million in general obligation debt outstanding, an increase of \$7.1 million from last year. Additional information about the District's long-term liabilities is presented in the notes to the financial statements.

	Totals		%
	School District		Change
	2017	2016	2016-17
General obligation debt	\$ 91,154	\$ 90,798	0.4%
State Trust Fund Loans	11,975	5,225	129.2%
Premium on debt	2,270	2,323	-2.3%
Capital leases	1,969	-	N/A
Other post-employment benefits	86,985	18,743	364.1%
Pension benefits	12,392	877	0.0%
Compensated absences	379	374	1.3%
Total	\$ 207,124	\$ 118,340	75.0%

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, 2015. The district reported a pension liability of \$8 million as of June 30, 2017. The District implemented GASB Statement Nos. 73, 74, and 75 in 2016-17 resulting in the increase in other post-employment benefits and pension benefits listed above.

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 Marc Duff, Chief Financial Officer, Racine Unified School District, 3109 Mount Pleasant St., Racine, WI 53404.

BASIC FINANCIAL STATEMENTS

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Statement of Net Position
June 30, 2017
(With summarized financial information as of June 30, 2016)

	Governmental Activities	
	2017	2016
ASSETS		
Cash and investments	\$ 55,249,917	\$ 48,128,280
Receivables		
Taxes	18,213,658	19,274,879
Accounts	286,233	398,247
Due from other governments	9,549,483	11,146,284
Inventories and prepaid items	1,715,361	2,181,789
Capital assets		
Land	4,072,735	3,228,786
Construction in progress	7,628,036	43,919,208
Site improvements	9,638,678	8,417,523
Buildings	198,789,281	144,505,287
Machinery and equipment	28,724,510	26,651,615
Less: Accumulated depreciation	(82,697,465)	(76,869,738)
TOTAL ASSETS	251,170,427	230,982,160
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	56,542,620	83,495,758
Deferred outflows related to other post-employment benefits	206,645	-
Loss on advance refunding	49,118	77,187
TOTAL DEFERRED OUTFLOWS OF RESOURCES	56,798,383	83,572,945
LIABILITIES		
Accounts payable	8,633,894	11,620,317
Accrued payroll liabilities	16,080,542	15,986,249
Accrued interest payable	736,835	610,087
Unearned revenues	55,498	110,736
Other liabilities	47,160	18,670
Long-term obligations		
Due within one year	9,868,916	8,123,739
Due in more than one year	97,878,538	90,596,431
Other post-employment benefits liability	86,984,840	18,742,797
Pension liability	12,391,426	16,656,387
TOTAL LIABILITIES	232,677,649	162,465,413
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pension	25,468,699	33,386,470
NET POSITION		
Net investment in capital assets	63,608,105	53,417,473
Restricted for		
Private gifts and donations	480,641	366,143
Grant expenditures	77,471	67,609
Debt service	1,043,697	682,200
Community service programs	843,856	212,339
Food service	2,046,411	1,989,900
Construction of capital assets	11,069,891	7,940,105
Unrestricted	(29,347,610)	54,027,453
TOTAL NET POSITION	\$ 49,822,462	\$ 118,703,222

The notes to the basic financial statements are an integral part of this statement.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Statement of Activities
For the Year Ended June 30, 2017
(With summarized financial information for the year ended June 30, 2016)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2017	2016
Governmental Activities					
Instruction	\$ 150,963,269	\$ 735,359	\$ 32,905,665	\$ (117,322,245)	\$ (118,913,220)
Support services	118,320,768	1,723,106	21,037,198	(95,560,464)	(90,608,256)
Other					
Interest and fiscal charges	2,582,579	-	-	(2,582,579)	(2,622,834)
Community services	850,740	105,151	-	(745,589)	(664,963)
Non-program transactions	20,194,263	-	23,406	(20,170,857)	(15,029,101)
Total Other	23,627,582	105,151	23,406	(23,499,025)	(18,316,898)
Total Governmental Activities	292,911,619	2,563,616	53,966,269	(236,381,734)	(227,838,374)
General revenues					
Property taxes, levied for general purposes				74,526,577	78,689,657
Property taxes, levied for debt service				10,004,771	6,929,312
Other taxes				873,293	-
State and federal aids not restricted to specific functions				148,476,365	141,035,265
Interest and investment earnings				142,295	59,417
Miscellaneous				755,696	1,272,182
Total General Revenues				<u>234,778,997</u>	<u>227,985,833</u>
Change in net position				(1,602,737)	147,459
Net position - July 1, as originally reported				118,703,222	-
Cumulative change in accounting principle				(67,278,023)	-
Net position - July 1, as restated				<u>51,425,199</u>	<u>118,555,763</u>
Net position - June 30				<u>\$ 49,822,462</u>	<u>\$ 118,703,222</u>

The notes to the basic financial statements are an integral part of this statement.

RACINE UNIFIED SCHOOL DISTRICT

Racine, Wisconsin

Balance Sheet

Governmental Funds

June 30, 2017

(With summarized financial information as of June 30, 2016)

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds	
				2017	2016
ASSETS					
Cash and investments	\$ 40,649,655	\$ 11,339,266	\$ 3,260,996	\$ 55,249,917	\$ 48,128,280
Receivables					
Taxes	18,213,658	-	-	18,213,658	19,274,879
Accounts	244,562	-	41,671	286,233	398,247
Due from other funds	3,470,593	1,758,000	1,580,576	6,809,169	8,038,428
Due from other governments	9,008,859	-	540,624	9,549,483	11,146,284
Inventories	543,155	-	-	543,155	784,252
Prepaid items	1,172,206	-	-	1,172,206	1,397,537
TOTAL ASSETS	\$ 73,302,688	\$ 13,097,266	\$ 5,423,867	\$ 91,823,821	\$ 89,167,907
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 8,633,894	\$ -	\$ -	\$ 8,633,894	\$ 11,620,317
Accrued payroll liabilities	16,080,542	-	-	16,080,542	15,986,249
Due to other funds	4,640,836	2,027,375	140,958	6,809,169	8,038,428
Unearned revenues	1,500	-	53,998	55,498	110,736
Other deposits payable	47,160	-	-	47,160	18,670
Total Liabilities	29,403,932	2,027,375	194,956	31,626,263	35,774,400
Fund Balances					
Nonspendable					
Inventories	543,155	-	-	543,155	784,252
Prepaid items	1,172,206	-	-	1,172,206	1,397,537
Restricted					
Private gifts and donations	-	-	480,641	480,641	366,143
Grant expenditures	-	-	77,471	77,471	67,609
Food service	-	-	2,046,411	2,046,411	1,989,900
Construction of capital assets	-	11,069,891	-	11,069,891	7,940,105
Debt service funds	-	-	1,780,532	1,780,532	1,292,287
Community service programs	-	-	843,856	843,856	212,339
Assigned					
Referendum	10,000,000	-	-	10,000,000	10,000,000
Health care cost stabilization	8,000,000	-	-	8,000,000	8,000,000
Construction of capital assets	150,000	-	-	150,000	-
Subsequent years' expenditures	1,087,264	-	-	1,087,264	1,750,000
General fund	22,946,131	-	-	22,946,131	19,593,335
Total Fund Balances	43,898,756	11,069,891	5,228,911	60,197,558	53,393,507
TOTAL LIABILITIES AND FUND BALANCES	\$ 73,302,688	\$ 13,097,266	\$ 5,423,867	\$ 91,823,821	\$ 89,167,907

(Continued)

RACINE UNIFIED SCHOOL DISTRICT

Racine, Wisconsin

Balance Sheet (Continued)

Governmental Funds

June 30, 2017

(With summarized financial information as of June 30, 2016)

	Total Governmental Funds	
	2017	2016
<u>Reconciliation to the Statement of Net Position</u>		
Total Fund Balances from previous page	\$ 60,197,558	\$ 53,393,507
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	166,155,775	149,852,681
Deferred outflow of resources is reported in the statement of net position for loss on advance refinancing.	49,118	77,187
The District's proportionate share of the Wisconsin Retirement System pension plan is not an available financial resource; therefore, it is not reported in the fund financial statements:		
Deferred outflows of resources	64,410,521	83,495,758
Net pension liability	(7,979,824)	(15,779,061)
Deferred inflows of resources	(33,336,600)	(33,386,470)
The District's supplemental pension plan is not an available resource; therefore, is not reported in the fund financial statements:		
Pension liability	(4,411,602)	(877,326)
The District's other post-employment benefit liability is not an available resource; therefore, is not reported in the fund financial statements:		
Deferred outflows of resources	206,645	-
Other post employment benefit liability	(86,984,840)	(18,742,797)
Some liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	(103,128,634)	(96,023,480)
Premium on long-term debt	(2,270,248)	(2,322,693)
Capital leases payable	(1,969,348)	-
Compensated absences	(379,224)	(373,997)
Accrued interest payable	(736,835)	(610,087)
Net Position of Governmental Activities as Reported on the Statement of Net Position (see page 11)	<u>\$ 49,822,462</u>	<u>\$ 118,703,222</u>

The notes to the basic financial statements are an integral part of this statement.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017
(With summarized financial information for the year ended June 30, 2016)

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds	
				2017	2016
Revenues					
Property taxes	\$ 73,799,870	\$ -	\$ 11,604,771	\$ 85,404,641	\$ 85,618,969
Other local sources	910,670	24,327	1,824,863	2,759,860	2,603,480
Interdistrict sources	196,895	-	-	196,895	202,218
Intermediate sources	313,294	-	-	313,294	5,440
State sources	170,978,928	-	171,513	171,150,441	162,529,800
Federal sources	21,823,557	-	8,925,488	30,749,045	31,015,087
Other sources	513,334	-	215,375	728,709	1,266,428
Total Revenues	268,536,548	24,327	22,742,010	291,302,885	283,241,422
Expenditures					
Instruction					
Regular instruction	90,666,315	-	66,746	90,733,061	92,711,247
Vocational instruction	5,223,331	-	1,250	5,224,581	5,111,062
Special education instruction	37,532,869	-	-	37,532,869	38,533,219
Other instruction	6,684,455	-	499,217	7,183,672	7,212,834
Total Instruction	140,106,970	-	567,213	140,674,183	143,568,362
Support Services					
Pupil services	17,370,892	-	331	17,371,223	16,987,669
Instructional staff services	17,783,072	-	381,262	18,164,334	18,546,749
General administration services	3,001,129	-	53,516	3,054,645	3,254,336
School administration services	13,180,839	-	201,346	13,382,185	12,984,033
Business services	5,105,744	-	-	5,105,744	2,489,306
Operation and maintenance of plant	31,540,971	11,644,541	659,677	43,845,189	77,550,594
Pupil transportation services	8,760,899	-	87,369	8,848,268	8,564,858
Food services	-	-	9,021,395	9,021,395	9,162,837
Central services	9,277,792	-	23,470	9,301,262	8,547,036
Insurance	964,273	-	-	964,273	1,020,879
Other support services	337,292	-	-	337,292	345,664
Total Support Services	107,322,903	11,644,541	10,428,366	129,395,810	159,453,961
Debt Service					
Principal	420,541	-	12,869,846	13,290,387	5,172,075
Interest and fiscal charges	65,126	-	2,685,618	2,750,744	2,508,184
Total Debt Service	485,667	-	15,555,464	16,041,131	7,680,259
Community Services					
Non-program					
General tuition payments	19,253,654	-	-	19,253,654	14,057,836
Special education tuition payments	674,574	-	-	674,574	919,444
Revenue transits to others	-	-	-	-	18,127
Adjustments and refunds	266,035	-	-	266,035	151,133
Total Non-program	20,194,263	-	-	20,194,263	15,146,540
Total Expenditures	268,109,803	11,644,541	27,390,389	307,144,733	326,550,305
Excess of Revenues Over (Under) Expenditures	426,745	(11,620,214)	(4,648,379)	(15,841,848)	(43,308,883)
Other Financing Sources (Uses)					
Long-term debt issued	-	14,750,000	5,225,000	19,975,000	43,015,000
Capital leases	2,389,889	-	-	2,389,889	-
Premium on long term debt issued	-	-	270,537	270,537	1,029,080
Sale of capital assets	10,473	-	-	10,473	1,022
Transfers in	13,525	-	467,000	480,525	43,953
Transfers out	(467,000)	-	(13,525)	(480,525)	(43,953)
Total Other Financing Sources (Uses)	1,946,887	14,750,000	5,949,012	22,645,899	44,045,102
Net Change in Fund Balances	2,373,632	3,129,786	1,300,633	6,804,051	736,219
Fund Balances - July 1	41,525,124	7,940,105	3,928,278	53,393,507	52,657,288
Fund Balances - June 30	\$ 43,898,756	\$ 11,069,891	\$ 5,228,911	\$ 60,197,558	\$ 53,393,507

(Continued)

RACINE UNIFIED SCHOOL DISTRICT
 Racine, Wisconsin
 Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
 Governmental Funds
 For the Year Ended June 30, 2017
 (With summarized financial information as of June 30, 2016)

	Total Governmental Funds	
	2017	2016
Reconciliation to the Statement of Activities		
Net Change in Fund Balances from previous page	\$ 6,804,051	\$ 736,219
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 outlay reported in governmental fund statements	\$ 23,121,028	
Depreciation expense reported in the statement of activities	<u>(6,361,981)</u>	
Amount in which depreciation is less than capital outlays	16,759,047	48,391,880
In governmental funds the entire proceeds, if any, from the disposal of capital assets is reported as an other financing source. In the statement of activities only the loss on the disposal is reported.	(455,953)	-
Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. The accrual of these benefits (increased) decreased by:	(5,227)	593,274
Changes in the pension liability (asset) and related deferred inflows and outflows of resources as a result of employer contributions, changes in assumptions and proportionate share and the difference between the expected and actual experience of the pension plans.		
Wisconsin Retirement System	(11,236,130)	(9,320,168)
Supplemental pension plan	(133,571)	(209,910)
Change in the OPEB and related deferred outflows of resources as a result of employer contributions and related other post-employment costs of the plan	(4,158,080)	(1,057,181)
The District issued debt during the year. The amount of the debt is reported in the governmental funds as a source of financing. In the statement of net position, however, debt constitutes a long-term liability. The amount of debt issued is:		
General obligation debt issued by District	(19,975,000)	(43,015,000)
Capital leases issued by the District	(2,389,889)	-
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position as does not affect the statement of activities. The amount of long-term principal payments:		
General obligation debt retired by District	12,869,846	5,172,075
Capital leases retired by the District	420,541	-
Interest payments on outstanding debt are reported in the governmental funds as an expenditure when paid. In the statement of activities interest is reported as it accrues.	(126,748)	(237,322)
Governmental funds report debt premiums and discounts as other financing sources (uses) or expenditures. However, in the statement of the net position, they are deferred and reported as other assets or deductions from long-term debt and allocated over the life of the debt on the statement of activities and included in interest expense		
Premium on long-term debt	52,445	(812,964)
Loss on advance refunding	<u>(28,069)</u>	<u>(93,444)</u>
Change in Net Position of Governmental Activities as Reported on the Statement of Activities (see page 12)	<u>\$ (1,602,737)</u>	<u>\$ 147,459</u>

The notes to the basic financial statements are an integral part of this statement.

RACINE UNIFIED SCHOOL DISTRICT

Racine, Wisconsin

Statement of Net Position

Fiduciary Funds

June 30, 2017

(With summarized financial information as of June 30, 2016)

	Private Purpose Trust Fund	Employee Benefit Trust Fund	Agency Fund	Total Fiduciary Funds	
			Pupil Activity	2017	2016
ASSETS					
Cash and investments	\$ 38,673	\$ 7,950,102	\$ 1,000,487	\$ 8,989,262	\$ 8,569,510
Accounts receivable	16,415	1,549,434	-	1,565,849	1,096,430
TOTAL ASSETS	\$ 55,088	\$ 9,499,536	\$ 1,000,487	\$ 10,555,111	\$ 9,665,940
LIABILITIES					
Accounts payable	\$ 16,415	\$ 604,754	\$ -	\$ 621,169	\$ 66,818
Due to student organizations	-	-	1,000,487	1,000,487	939,336
TOTAL LIABILITIES	16,415	604,754	1,000,487	1,621,656	1,006,154
NET POSITION					
Restricted for					
Scholarships	38,673	-	-	38,673	44,805
Employee benefits	-	8,894,782	-	8,894,782	8,614,981
TOTAL NET POSITION	38,673	8,894,782	-	8,933,455	8,659,786
TOTAL LIABILITIES AND NET POSITION	\$ 55,088	\$ 9,499,536	\$ 1,000,487	\$ 10,555,111	\$ 9,665,940

The notes to the basic financial statements are an integral part of this statement.

RACINE UNIFIED SCHOOL DISTRICT

Racine, Wisconsin

Statement of Changes in Net Position

Fiduciary Funds

For the Year Ended June 30, 2017

(With summarized financial information for the year ended June 30, 2016)

	Private Purpose Trust Fund	Employee Benefit Trust Fund	Total Fiduciary Funds	
			2017	2016
ADDITIONS				
Other local sources	\$ 73,771	\$ -	\$ 73,771	\$ 151,158
Contributions				
Employer	-	4,882,415	4,882,415	7,009,892
Plan members	-	430,892	430,892	357,372
Investment earnings	-	51,804	51,804	40,748
Total Additions	73,771	5,365,111	5,438,882	7,559,170
DEDUCTIONS				
Trust fund disbursements	79,903	5,085,310	5,165,213	7,169,299
Change in Net Position	(6,132)	279,801	273,669	389,871
Net Position - July 1	44,805	8,614,981	8,659,786	8,269,915
Net Position - June 30	\$ 38,673	\$ 8,894,782	\$ 8,933,455	\$ 8,659,786

The notes to the basic financial statements are an integral part of this statement.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE A - 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 (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:

1. Reporting Entity

The District is organized as a unified school district. The District, governed by a nine member elected school board, operates grades K through 12 and is comprised of all or parts of ten taxing districts.

In accordance with GAAP, the basic financial statements are required to include the District (the primary government) 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 established by GASB Statement No. 61.

2. 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.

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. *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 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 funds and fiduciary funds, even though the latter are excluded from district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. The District has no enterprise or internal service 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 main operating fund. It accounts for all financial activity that is not accounted for in another fund.

CAPITAL PROJECTS FUND

The District reports one capital projects fund which accounts for major construction projects taken on by the District.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the District reports the following fund types:

The District accounts for resources legally held in trust for scholarship awards as a *private-purpose trust fund*. Only earnings on the invested resources may be used to support the scholarships.

The *employee benefit trust fund* is used to account for resources legally held in trust for other post-employment benefits.

The District accounts for assets held as an agent for various student and parent organizations in an *agency fund*.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 employee benefit programs 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 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.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

a. 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.

b. Accounts Receivable

Accounts receivable are recorded at gross amount 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.

c. 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 December 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 non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

d. 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.

e. Inventories

Inventories are recorded at cost which approximates market, using the average cost method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

f. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items, and are accounted for on the consumption method.

Prepaid items of governmental fund types in the fund financial statements are offset by nonspendable fund balance to indicate that they do not represent spendable available financial resources.

RACINE UNIFIED SCHOOL DISTRICT

Racine, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Capital Assets

Capital assets, which include property, buildings, machinery and equipment, and site improvements assets are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost as shown below or higher with an estimated useful life in excess of one year.

	Governmental Activities	
	Cost	
<u>Assets</u>		
Site improvements	\$	5,000
Buildings		5,000
Machinery and equipment		5,000

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.

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:

	Governmental Activities	
	Years	
<u>Assets</u>		
Site improvements		20
Buildings		50
Machinery and equipment		3 - 20

h. Compensated Absences

The District's policy allows employees to earn varying amounts of sick pay for each year employed, accumulating to varying maximum amounts. The District employees are also granted vacation days in varying amounts based on length of service. Upon retirement or termination of employment, the employees are paid for the unused portion of their vacation days. Accumulated sick leave is not paid out upon termination. All vacation leave is accrued when incurred in the district-wide statements. Expenditures for these benefits are recognized as paid in the fund financial statements.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has several items that qualify for reporting in this category. One item relates to the District's pension plans, including its proportionate share of the Wisconsin Retirement System pension plan and its supplemental pension plan. One portion of that item includes District contributions to the Wisconsin Retirement System pension plan subsequent to the measurement date which are recognized as expenditures in the subsequent year. The remaining portion of this item is deferred and amortized over the expected remaining service lives of the pension plan participants. The second item relates to the District's other post-employment benefits plan. This item is deferred and amortized over the expected remaining service lives of the other post-employment benefits plan participants. The third is a deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category on the statement of net position. The item is related to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants.

j. 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 bond. Issuance costs are expensed during the current period.

In the fund financial statements, governmental fund types recognize bond issuance costs, bond premium and discounts during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures while bond premiums and discounts are recorded as other financing sources or uses.

k. Other Postemployment Benefits Other Than Pensions (OPEB)

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.

l. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. 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 the Chief Financial Officer to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- Unassigned fund balance - Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

DISTRICT-WIDE FINANCIAL 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.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board of Education has adopted a policy that fund balance in the amount of 15% - 20% of the ensuing year's budgeted general fund expenditures be maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2017-18 General Fund Expenditures	\$	275,876,307
Minimum Fund Balance %		(x) 15% - 20%
Minimum Fund Balance Amount		\$41,381,446 to \$55,175,261

The District's general fund balance of \$43,898,756 is within the range of the above minimum fund balance amount.

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

6. Summarized Information

The basic financial statements include certain prior-year summarized information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

7. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements with no change in previously reported net position, changes in net position, fund balance or changes in fund balance.

NOTE B - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The debt service and capital project funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the agency 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 and employee benefit trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

RACINE UNIFIED SCHOOL DISTRICT

Racine, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

The carrying amount of the District's cash and investments totaled \$64,239,179 on June 30, 2017 as summarized below:

Petty cash funds	\$ 500
Deposits with financial institutions	12,825,075
Investments	
Wisconsin Investment Series Cooperative (WISC)	
Cash management series	109,190
Investment series	49,282,685
Negotiable certificates of deposit	1,986,116
Wisconsin local government investment pool	35,613
	<u>\$ 64,239,179</u>

Reconciliation to the basic financial statements:

District-wide Statement of Net Position	
Cash and investments	\$ 55,249,917
Fiduciary funds Statement of Net Position	
Private purpose trust fund	38,673
Employee benefit trust fund	7,950,102
Agency fund	1,000,487
	<u>\$ 64,239,179</u>

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following fair value measurements as of June 30, 2017:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments			
Negotiable certificates of deposit	\$ 1,986,116	\$ -	\$ -

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

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (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 risk 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 accounts and \$250,000 for the combined amount of all interest-bearing and noninterest-bearing demand deposit accounts 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 custodian per depository institution. 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.

On June 30, 2017, \$7,867,671 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. \$7,867,671 was collateralized with securities held by the pledging financial institution or its trust department or 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 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. Presented on the following page is the actual rating as of year-end for each investment type.

Investment Type	Amount	Exempt From Disclosure	Rating as of Year End		
			AAA	Aa	Not Rated
Wisconsin local government investment pool	\$ 35,613	\$ -	\$ -	\$ -	\$ 35,613
WISC Investments					
Cash management series	109,190	-	109,190	-	-
Investment series	49,282,685	-	49,282,685	-	-
Negotiable certificates of deposit	1,986,116	-	-	-	1,986,116
Totals	\$51,413,604	\$ -	\$49,391,875	\$ -	\$ 2,021,729

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.

RACINE UNIFIED SCHOOL DISTRICT
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Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

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
Wisconsin local government investment pool	\$ 35,613	\$ 35,613	\$ -	\$ -	\$ -
WISC Investments					
Cash management series	109,190	109,190	-	-	-
Investment series	49,282,685	49,282,685	-	-	-
Negotiable certificates of deposit	1,986,116	992,486	993,630	-	-
Totals	\$51,413,604	\$50,419,974	\$ 993,630	\$ -	\$ -

Investment in Wisconsin Local Government Investment Pool

The District has investments in the Wisconsin local government investment pool of \$35,613 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2017, the fair value of the District's share of the LGIP's assets was substantially equal to the carrying value.

Investment in Wisconsin Investment Series Cooperative

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$51,377,991 at year end, which includes investments in the Cash Management Series, Investment Series, and various negotiable certificates of deposit. 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 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 intergovernmental Cooperation Statute, Wisconsin Statutes, Section 66.0301. 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
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

2. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,228,786	\$ 843,949	\$ -	\$ 4,072,735
Work in progress	43,919,208	7,628,036	43,919,208	7,628,036
Total capital assets, not being depreciated	<u>47,147,994</u>	<u>8,471,985</u>	<u>43,919,208</u>	<u>11,700,771</u>
Capital assets, being depreciated:				
Site improvements	8,417,523	1,221,155	-	9,638,678
Buildings	144,505,287	54,283,994	-	198,789,281
Machinery and equipment	26,651,615	3,063,102	990,207	28,724,510
Total capital assets being depreciated	<u>179,574,425</u>	<u>58,568,251</u>	<u>990,207</u>	<u>237,152,469</u>
Less accumulated depreciation for:				
Site improvements	3,115,901	341,008	-	3,456,909
Buildings	59,584,638	4,231,876	-	63,816,514
Machinery and equipment	14,169,199	1,789,097	534,254	15,424,042
Total accumulated depreciation	<u>76,869,738</u>	<u>6,361,981</u>	<u>534,254</u>	<u>82,697,465</u>
Total capital assets, being depreciated, net	<u>102,704,687</u>	<u>52,206,270</u>	<u>455,953</u>	<u>154,455,004</u>
Governmental activities capital assets, net	<u>\$ 149,852,681</u>	<u>\$ 60,678,255</u>	<u>\$ 44,375,161</u>	<u>166,155,775</u>
Less:				
Related general obligation debt outstanding				98,357,192
Capital leases				1,969,348
Capital related deferred outflows of resources				(49,118)
Capital related debt premium				<u>2,270,248</u>
Net investment in capital assets				<u>\$ 63,608,105</u>

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

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

Governmental activities	
Instruction	
Regular instruction	\$ 20,818
Vocational instruction	49,769
Special education instruction	5,450
Total instruction	<u>76,037</u>
Support Services	
Pupil services	704
Instructional staff services	2,563
General administration services	7,682
School administration services	5,556
Operation and maintenance of plant	5,135,613
Pupil transportation	24,836
Food service	132,312
Business services	639,346
Central services	337,332
Total support services	<u>6,285,944</u>
Total depreciation expense - governmental activities	<u>\$ 6,361,981</u>

3. Interfund Receivable, Payables, and Transfers

Interfund receivables and payables between individual funds of the District as of June 30, 2017 are detailed below:

	Interfund Receivables	Interfund Payables
Pooled cash balances		
General Fund	\$ 3,470,593	\$ 4,640,836
Special Revenue Funds		
Trust	480,641	-
Special projects	-	137,038
Community service	843,856	-
Food service	227,134	-
Debt Service Funds		
Non-referendum debt service	28,945	-
Referendum debt service	-	3,920
Capital Projects Fund	1,758,000	2,027,375
Totals	<u>\$ 6,809,169</u>	<u>\$ 6,809,169</u>

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Interfund transfers for the year ended June 30, 2017 were as follows:

	Transfer to:		Total
	General	Non-Referendum Debt Service	
Transfers from:			
General Fund	\$ -	\$ 467,000	\$ 467,000
Special Revenue Fund			
Special projects	13,525	-	13,525
Total	\$ 13,525	\$ 467,000	\$ 480,525

The special projects transfer to the general fund is used to move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them. The non-referendum debt service transfer is for levy management.

4. Short-term Obligations

The District issued tax and revenue anticipation promissory note revolving credit loan in advance of property tax collections. The notes are needed because District expenses for the year begin in July whereas tax collections are not received until January. The loan was approved October 31, 2016 with any unpaid principal balance outstanding due November 1, 2017. Interest on the outstanding balance accrues at the LIBOR index plus 1.5%. Short-term debt activity for the year ended June 30, 2017 was as follows:

	Outstanding 7/1/16	Issued	Retired	Outstanding 6/30/17
Issued 10/31/16, due 11/1/2017	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -

Total interest paid for the year on short-term debt totaled \$1,745.

5. Long-term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2017:

	Outstanding 7/1/16	Issued	Retired	Outstanding 6/30/17	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 71,094,000	\$ 8,000,000	\$ 4,726,000	\$ 74,368,000	\$ 5,231,000
Notes	19,704,480	-	2,918,846	16,785,634	2,970,634
State trust fund notes	5,225,000	11,975,000	5,225,000	11,975,000	819,334
Total	96,023,480	19,975,000	12,869,846	103,128,634	9,020,968
Premium	2,322,693	270,537	322,982	2,270,248	267,652
Capital leases	-	2,389,889	420,541	1,969,348	580,296
Compensated absences	373,997	5,227	-	379,224	-
Governmental activities					
Long-term obligations	\$ 98,720,170	\$ 22,640,653	\$ 13,613,369	\$ 107,747,454	\$ 9,868,916

Total interest paid during the year on long-term debt totaled \$2,559,230.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

Detail of the outstanding general obligation debt follows:

	Issue Amount	Issue Date	Average Interest Rates (%)	Dates of Maturity	Outstanding 06/30/17
General Obligation Bonds					
Promissory Bonds	\$ 5,945,000	09/03/08	4.00 - 4.25%	04/01/19	\$ 3,555,000
Refunding Bonds	5,880,000	07/11/11	4.00 - 5.00%	04/01/31	5,880,000
Refunding Bonds	10,000,000	01/03/13	2.50 - 2.75%	04/01/28	10,000,000
Refunding Bonds	2,020,000	06/10/13	3.38%	04/01/27	1,840,000
Refunding Bonds	8,980,000	04/06/15	2.00 - 3.00%	04/01/24	8,980,000
School Building & Improvement	9,700,000	07/07/15	2.75%	04/01/29	9,700,000
School Building & Improvement	28,090,000	01/05/16	0.05 - 3.00%	04/01/27	25,180,000
Qualified School Construction					
Promissory Bonds	1,794,000	11/09/09	0.00%	09/15/19	1,233,000
School Building & Improvement	8,000,000	05/15/17	2.00 - 3.00%	04/01/34	8,000,000
Subtotal					<u>74,368,000</u>
General Obligation Notes					
Qualified Zone Academy					
Promissory Notes	1,728,000	04/15/08	1.00%	04/14/18	180,634
Promissory Notes	1,610,000	04/05/10	3.00 - 3.625%	04/01/20	465,000
Promissory Notes	995,000	07/11/11	3.00 - 3.50%	04/01/20	430,000
Promissory Notes	21,735,000	06/10/13	2.00 - 3.00%	04/01/23	15,710,000
Subtotal					<u>16,785,634</u>
State Trust Fund Loan	6,750,000	06/20/17	3.50%	03/15/27	6,750,000
State Trust Fund Loan	5,225,000	03/04/17	4.00%	03/15/36	5,225,000
Subtotal					<u>11,975,000</u>
Total General Obligation Debt					<u><u>\$ 103,128,634</u></u>

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$103,128,634 on June 30, 2017 are detailed below:

Year Ended June 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 9,020,968	\$ 2,856,299	\$ 11,877,267
2019	8,941,741	2,670,469	11,612,210
2020	9,721,199	2,432,536	12,153,735
2021	9,109,776	2,198,284	11,308,060
2022	9,335,405	1,971,505	11,306,910
2023-2027	39,086,133	6,366,205	45,452,338
2028-2032	15,118,920	1,472,633	16,591,553
2033-2036	2,794,492	208,370	3,002,862
	<u>\$ 103,128,634</u>	<u>\$ 20,176,301</u>	<u>\$ 123,304,935</u>

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2017 was \$760,819,043 as follows:

Equalized valuation of the District	\$8,629,039,800
Statutory limitation percentage	<u>(x) 10%</u>
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	862,903,980
Total outstanding general obligation debt	\$ 103,128,634
Less: Amounts available for financing general obligation debt	
Debt service fund ⁽¹⁾	<u>1,043,697</u>
Net outstanding general obligation debt applicable to debt limitation	102,084,937
Legal Margin for New Debt	<u>\$ 760,819,043</u>

(1) Less accrued interest.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Capital Leases

The following is a schedule by years of future minimum lease payments due under capital leases together with the present value of the net minimum lease payments as of June 30, 2017:

Year Ending June 30,	Governmental Activities
2018	\$ 645,230
2019	645,230
2020	806,537
Total Minimum Lease Payments	2,096,997
Less: Amount representing interest	127,649
Present Value of Future Minimum Lease Payments	<u>\$ 1,969,348</u>

6. Pension Liability

The District reports pension related balances at June 30, 2017, as summarized below:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Wisconsin Retirement System (WRS)	\$ 7,979,824	\$ 64,410,521	\$ 33,336,600
Supplemental pension plan	(4,411,602)	-	-
Total Pension Liability	<u>\$ 3,568,222</u>	<u>\$ 64,410,521</u>	<u>\$ 33,336,600</u>

a. WRS Pension Plan

1. 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, and 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 Comprehensive Annual Financial Report (CAFR), which can be found at <http://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.

RACINE UNIFIED SCHOOL DISTRICT

Racine, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

Final average earnings is the average of the participant's three highest years' earnings. Creditable service is the creditable current and prior service expressed in years or decimal equivalents of partial years for which a participant receives earnings and makes contributions as required. The formula factor is a standard percentage based on employment category.

Employees may retire at age 55 (50 for protective occupation employees) and receive reduced benefits. Employees terminating covered employment before becoming eligible for a retirement benefit may withdraw their contributions and forfeit all rights to any subsequent benefits.

The WRS also provides death and disability benefits for employees.

a. Post-Retirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2007	3.0%	10%
2008	6.6%	0%
2009	(2.1)%	(42)%
2010	(1.3)%	22%
2011	(1.2)%	11%
2012	(7.0)%	(7)%
2013	(9.6)%	9%
2014	4.7%	25%
2015	2.9%	2%
2016	0.5%	(5)%

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

b. 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, and 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 reporting period, the WRS recognized \$9,048,479 in contributions from the District.

Contribution rates as of June 30, 2017 are:

Employee Category	Employee	Employer
General (including teachers)	6.6%	6.6%
Protective with Social Security	6.6%	9.4%
Protective without Social Security	6.6%	13.2%

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

At June 30, 2017, the District reported a liability of \$7,979,824 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to December 31, 2016. 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, 2016, the District's proportion was 0.96814477%, which was a decrease of 0.00288598% from its proportion measured as of December 31, 2015.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$20,407,463.

At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,042,708	\$ 25,095,858
Net differences between projected and actual earnings on pension plan investments	39,721,039	-
Changes in assumptions	8,343,215	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	372,841
Employer contributions subsequent to the measurement date	5,435,658	-
Total	\$ 56,542,620	\$ 25,468,699

\$5,435,658 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 18,594,069	\$ 8,137,978
2018	18,594,069	8,137,978
2019	15,231,445	8,105,403
2020	(1,326,495)	1,086,364
2021	13,874	976
Total	\$ 51,106,962	\$ 25,468,699

RACINE UNIFIED SCHOOL DISTRICT
 Racine, Wisconsin
 Notes to Basic Financial Statements
 June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

d. Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2015
Measurement Date of Net Pension Liability (Asset):	December 31, 2016
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	7.2%
Discount Rate:	7.2%
Salary Increases:	
Inflation	3.2%
Seniority/Merit	0.2% - 5.6%
Mortality:	Wisconsin 2012 Mortality Table
Post-retirement Adjustments*	2.1%

* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 2.1% 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 2015 using experience from 2012–2014. The total pension liability for December 31, 2016 is based upon a roll-forward of the liability calculated from the December 31, 2015 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 arithmetic real rates of return for each major asset class are summarized in the following table:

	Current Asset Allocation %	Destination Target Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class				
Global Equities	50%	45%	8.3%	5.4%
Fixed Income	24.5%	37%	4.2%	1.4%
Inflation Sensitive Assets	15.5%	20%	4.3%	1.5%
Real Estate	8%	7%	6.5%	3.6%
Private Equity/Debt	8%	7%	9.4%	6.5%
Multi-Asset	4%	4%	6.6%	3.7%
Total Core Fund	110%	120%	7.4%	4.5%
Variable Fund Asset Class				
U.S. Equities	70%	70%	7.6%	4.7%
International Equities	30%	30%	8.5%	5.6%
Total Variable Fund	100%	100%	7.9%	5%

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.75%

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

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Single Discount rate. A single discount rate of 7.20% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.20% and a long term bond rate of 3.78%. Because of the unique structure of WRS, the 7.20% expected rate of return implies that a dividend of approximately 2.1% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease to Discount Rate (6.20%)	Current Discount Rate (7.20%)	1% Increase to Discount Rate (8.20%)
District's proportionate share of the net pension liability (asset)	\$ 104,979,706	\$ 7,979,824	\$ (66,714,479)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

e. Payables to the Pension Plan

At June 30, 2017 the District reported a payable of \$1,903,407 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2017.

b. Pension Plan - Supplemental Pension Plan

a. Plan Description

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

b. 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 services with the District or age 62 and five years of services, 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.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

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.

c. Employees Covered by Benefit Terms

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	64
Active employees	251
	315

d. 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.

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

Component	Amount
Total Pension Liability at July 1, 2016	\$ 4,278,031
Changes for the year:	
Service cost	218,464
Interest	131,604
Benefit payments	(216,497)
Net changes	133,571
Total Pension Liability at June 30, 2017	\$ 4,411,602

For the year ended June 30, 2017, the District recognized pension expense of \$133,571. The District has no deferred outflows or inflows of resources related to its supplemental pension plan.

f. Actuarial Assumptions

The District's total pension liability was measured as of July 1, 2016 and rolled forward to June 30, 2017.

Actuarial Assumptions. The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2016
Actuarial cost method	Individual Entry Age normal
Amortization method	Level percentage of salary, open basis
Actuarial assumptions:	
Discount rate	3.0%
Inflation	N/A

Single Discount rate. A single discount rate of 3.0% was used to measure the total pension liability. This single discount rate was based on the 20 year tax exempt AA muni bond rates.

RACINE UNIFIED SCHOOL DISTRICT
 Racine, Wisconsin
 Notes to Basic Financial Statements
 June 30, 2017

NOTE B - DETAILED NOTES ON ALL FUNDS (Continued)

Sensitivity of the District's total pension liability to changes in the discount rate. The following presents the District's total pension liability at July 1, 2016 calculated using the discount rate of 3.0%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.0%) or 1-percentage-point higher (4.0%) than the current rate.

	1% Decrease to Discount Rate (2.0%)	Current Discount Rate (3.0%)	1% Increase to Discount Rate (4.0%)
Total Pension Liability	\$ 4,932,724	\$ 4,411,602	\$ 3,974,188

The sensitivity of the District's total pension liability was determined based on the actuarial date while the total pension liability of \$4,411,602 was based on the District's fiscal year ended June 30, 2017, as rolled forward by the District's actuary. Sensitivity information as of June 30, 2016 was not available.

g. Payable to the Supplemental Pension Plan

At June 30, 2017, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2017.

NOTE C - OTHER INFORMATION

1. Risk Management

The District is exposed to various risks of loss related to torts; thefts, damage or destruction of assets; errors or omissions; employee health and accident claims; or acts of God. The District has chosen to retain a portion of the risks through a self-insurance program and has also purchased insurance to transfer other risks to outside parties. A description of the District's risk management program is presented below:

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.

As part of the health care coverage of the Plan, the District purchases stop-loss coverage which pays claims in excess of \$200,000 and up to \$1,000,000 per individual. The District has no stop-loss coverage for dental care coverage of the Plan.

RACINE UNIFIED SCHOOL DISTRICT
 Racine, Wisconsin
 Notes to Basic Financial Statements
 June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

At June 30, 2017, the District has reported a liability of \$3,518,602 which represents reported and unreported claims which were incurred on or before June 30, 2017, but were not paid by the District as of that date. The amounts not reported to the District were estimated using data provided by the plan administrators. Changes in the program's claim liability for the year ended June 30, 2017 with comparative totals for the prior year follows:

	Liability July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30
2016	\$ 3,270,570	\$ 37,048,556	\$ 36,644,417	\$ 3,674,709
2017	3,674,709	33,781,447	33,937,554	3,518,602

2. Other Postemployment Benefits Other Than Pension Benefits (OPEB)

a. 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.

b. Benefits Provided

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

c. At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	355
Active employees	2,177
	<u>2,532</u>

d. 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.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

e. Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

Actuarial Assumptions. The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	N/A
Salary Increases:	2.0% per year
Investment Rate of Return:	3.0%
Healthcare cost trend rates:	Medical and Drug Trend - 2.0% for 2017 increasing to 6.0% for 2018-2019, and decreasing to 5.5% thereafter. Dental Trend - level at 4.0%

Mortality rates are a blend of those from the "Wisconsin Retirement System 2012-2014 Experience Study" and the MP-2015 generational improvement scale.

The actuarial assumptions used in the July 1, 2016 valuation were based on the "Wisconsin Retirement System 2012-2014 Experience Study".

The long-term expected rate of return on OPEB plan investments was valued at 3.0%. A blend of expected earnings on District funds and the current yield for 20 year tax-exempt AA Municipal bond rate or higher as of the measurement date was used for all years of benefit payments.

Discount rate. The discount rate used to measure the total OPEB liability was 3.0%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

f. 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, 2016	\$ 91,235,096	\$ 8,614,981	\$ 82,620,115
Changes for the year:			
Service cost	6,789,109	-	6,789,109
Interest	2,940,726	-	2,940,726
Contributions - employer	-	5,313,306	(5,313,306)
Net investment income	-	51,804	(51,804)
Benefit payments	(5,085,310)	(5,085,310)	-
Net changes	4,644,525	279,800	4,364,725
Balance at June 30, 2017	<u>\$ 95,879,621</u>	<u>\$ 8,894,781</u>	<u>\$ 86,984,840</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.0%) or 1-percentage-point higher (4.0%) than the current rate:

	1% Decrease to Discount Rate (2.0%)	Current Discount Rate (3.0%)	1% Increase to Discount Rate (4.0%)
Net OPEB Liability	\$ 95,938,618	\$ 86,984,840	\$ 78,910,005

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 (5.0% decreasing to 1.0%) or 1-percentage-point higher (7.0% decreasing to 3.0%) than the current healthcare cost trend rates:

	1% Decrease (5.0% decreasing to 1.0%)	Healthcare Cost Trend Rates (6.0% decreasing to 2.0%)	1% Increase (7.0% decreasing to 3.0%)
Net OPEB liability	\$ 73,790,795	\$ 86,984,840	\$ 103,519,968

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.

RACINE UNIFIED SCHOOL DISTRICT

Racine, Wisconsin

Notes to Basic Financial Statements

June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

- g. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$4,158,080. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 206,645	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	-
District contributions subsequent to the measurement date	-	-
Total	\$ 206,645	\$ -

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

Year ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 41,329	\$ -
2019	41,329	-
2020	41,329	-
2021	41,329	-
2022	41,329	-
Total	\$ 206,645	\$ -

- h. Payable to the OPEB Plan

At June 30, 2017, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the year ended June 30, 2017.

3. Contingencies

- a. 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.
- b. 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 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.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Basic Financial Statements
June 30, 2017

NOTE C - OTHER INFORMATION (Continued)

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

5. Cumulative Effect of Change in Accounting Principles

The District has adopted GASB Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*, No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended June 30, 2017. These statements revised and established new financial reporting requirements for governments that provide their employees with postemployment benefits. Financial statements for the year ended June 30, 2016 have not been restated.

The cumulative effect of change in accounting principle was to decrease net position by \$67,278,023 as follows:

Other postemployment liability		
Balance previously reported	\$ 18,742,797	
Actuarially determined balance	<u>(82,620,115)</u>	
Change in other postemployment liability		\$ (63,877,318)
Total supplemental pension liability		
Balance previously reported	877,326	
Actuarially determined balance	<u>(4,278,031)</u>	
Change in other postemployment liability		<u>(3,400,705)</u>
Total cumulative effect of change in accounting principle		<u><u>\$ (67,278,023)</u></u>

6. Upcoming Accounting Pronouncements

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities and addresses financial reporting for these activities. This statement is effective for reporting periods beginning after June 15, 2018. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. The Statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement is effective for reporting periods beginning after December 15, 2019. The District is currently evaluating the impact this standard will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund - Budgetary Basis
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 73,799,870	\$ 73,799,870	\$ 73,799,870	\$ -
Other local sources	934,886	961,689	910,670	(51,019)
Interdistrict sources	118,000	118,000	177,829	59,829
Intermediate sources	300,000	300,000	311,903	11,903
State sources	159,666,323	159,449,790	158,592,655	(857,135)
Federal sources	16,115,929	16,041,958	14,960,560	(1,081,398)
Other sources	305,195	305,195	513,334	208,139
Total Revenues	251,240,203	250,976,502	249,266,821	(1,709,681)
Expenditures				
Instruction				
Regular instruction	93,887,741	93,097,671	90,666,150	2,431,521
Vocational instruction	5,460,539	5,405,777	5,223,331	182,446
Other instruction	6,832,561	6,852,906	6,609,638	243,268
Total Instruction	106,180,841	105,356,354	102,499,119	2,857,235
Support Services				
Pupil services	11,802,007	11,899,181	11,594,989	304,192
Instructional staff services	15,416,303	14,550,632	13,707,172	843,460
General administration services	3,122,467	3,068,456	3,000,779	67,677
School administration services	13,569,510	13,630,874	13,180,839	450,035
Business services	4,941,903	4,927,049	4,858,440	68,609
Operation and maintenance of plant	30,706,537	30,568,733	31,521,957	(953,224)
Pupil transportation services	5,212,777	5,232,839	5,185,565	47,274
Central services	8,810,169	9,216,929	9,250,964	(34,035)
Insurance	751,003	710,593	722,919	(12,326)
Other support services	444,084	386,795	337,292	49,503
Total Support Services	94,776,760	94,192,081	93,360,916	831,165
Debt service	486,267	485,767	485,667	100
Non-program				
General tuition payments	19,609,066	19,578,513	19,253,654	324,859
Indirect costs	128,400	113,400	266,035	(152,635)
Total Non-program	19,737,466	19,691,913	19,519,689	172,224
Total Expenditures	221,181,334	219,726,115	215,865,391	3,860,724
Excess of Revenues Over Expenditures	30,058,869	31,250,387	33,401,430	2,151,043
Other Financing Sources (Uses)				
Capital leases	2,383,067	2,383,067	2,389,889	6,822
Sale of capital assets	5,000	5,000	10,473	5,473
Transfers in	215,963	212,896	29,688	(183,208)
Transfers out	(34,026,694)	(34,165,936)	(33,457,848)	708,088
Total Other Financing Sources (Uses)	(31,422,664)	(31,564,973)	(31,027,798)	537,175
Net Change in Fund Balance	(1,363,795)	(314,586)	2,373,632	2,688,218
Fund Balance - July 1	41,525,124	41,525,124	41,525,124	-
Fund Balance - June 30	\$ 40,161,329	\$ 41,210,538	\$ 43,898,756	\$ 2,688,218

See Notes to Required Supplementary Information.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Education Special Revenue Fund - Budgetary Basis
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Interdistrict sources	\$ 42,430	\$ 42,430	\$ 19,066	\$ (23,364)
Intermediate sources	-	-	1,391	1,391
State sources	12,248,880	12,248,880	12,386,273	137,393
Federal sources	7,061,375	7,154,670	6,862,997	(291,673)
Total Revenues	19,352,685	19,445,980	19,269,727	(176,253)
Expenditures				
Instruction				
Regular instruction	-	-	165	(165)
Vocational instruction	53,000	-	-	-
Special education instruction	38,090,234	38,175,806	37,532,869	642,937
Other instruction	75,275	75,275	74,817	458
Total Instruction	38,218,509	38,251,081	37,607,851	643,230
Support Services				
Pupil services	5,788,875	5,809,914	5,775,903	34,011
Instructional staff services	4,050,144	4,018,327	4,075,900	(57,573)
General administration services	17,000	17,000	350	16,650
Business services	150,000	247,583	247,304	279
Operation and maintenance of plant	10,900	10,900	19,014	(8,114)
Pupil transportation services	4,003,205	3,658,205	3,575,334	82,871
Central services	18,130	18,130	26,828	(8,698)
Insurance	204,260	204,267	241,354	(37,087)
Total Support Services	14,242,514	13,984,326	13,961,987	22,339
Non-program				
Special education tuition payments	662,380	726,615	674,574	52,041
Total Expenditures	53,123,403	52,962,022	52,244,412	717,610
Excess of Revenues Under Expenditures	(33,770,718)	(33,516,042)	(32,974,685)	541,357
Other Financing Sources (Uses)				
Transfers in	33,959,552	33,698,936	32,990,848	(708,088)
Transfers out	(188,834)	(182,894)	(16,163)	166,731
Total Other Financing Sources (Uses)	33,770,718	33,516,042	32,974,685	(541,357)
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ -	\$ -	\$ -	\$ -

See Notes to Required Supplementary Information.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Fiscal Years*

	2017
Total OPEB Liability	
Service cost	\$ 6,789,109
Interest	2,940,726
Benefit payments	<u>(5,085,310)</u>
Net change in total OPEB liability	4,644,525
Total OPEB liability - beginning	<u>91,235,096</u>
Total OPEB liability - ending (a)	<u><u>\$ 95,879,621</u></u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 5,313,306
Net investment income	51,804
Benefit payments	<u>(5,085,310)</u>
Net change in plan fiduciary net position	279,800
Plan fiduciary net position - beginning	<u>8,614,981</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 8,894,781</u></u>
District's net OPEB liability - ending (a) - (b)	<u><u>\$ 86,984,840</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	9.28%
Covered-employee payroll	\$ 142,709,888
District's net OPEB liability as a percentage of covered-employee payroll	60.95%

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

See Notes to Required Supplementary Information.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Schedule of Employer Contributions
Other Postemployment Benefits
Last 10 Fiscal Years

	2017	
Actuarially determined contribution (ADC)	\$ 12,352,496	
Contributions in relation to the ADC	5,313,306	
Contribution deficiency (excess)	\$ 7,039,190	
 Covered-employee payroll	 \$ 142,709,888	
 Contributions as a percentage of covered-employee payroll		 3.72%

Key Methods and Assumption Used to Calculate ADC

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Amortization method	21 year Level Dollar
Discount rate	3.00%
Inflation	N/A

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

See Notes to Required Supplementary Information.

RACINE UNIFIED SCHOOL DISTRICT
 Racine, Wisconsin
 Racine Unified School District
 Wisconsin Retirement System
 Last 10 Fiscal Years

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered- Employee 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)
6/30/15	0.95793451%	\$ (23,529,492)	\$ 133,929,709	17.57%	102.74%
6/30/16	0.97103075%	15,779,061	141,579,733	11.14%	98.20%
6/30/17	0.96814477%	7,979,824	137,001,261	5.82%	99.12%

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- Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
6/30/15	\$ 9,375,049	\$ 9,375,049	\$ -	\$ 133,929,709	7.00%
6/30/16	9,651,718	9,651,718	-	141,579,733	6.82%
6/30/17	9,048,479	9,048,479	-	137,001,261	6.60%

See Notes to Required Supplementary Information.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Schedule of Changes in Pension Liability and Related Ratios
Supplemental Pension Benefit
Last 10 Fiscal Years*

	2017
Total Pension Liability	
Service cost	\$ 218,464
Interest	131,604
Benefit payments	<u>(216,497)</u>
Net change in total pension liability	133,571
Total pension liability - beginning	<u>4,278,031</u>
Total pension liability - ending	<u><u>\$ 4,411,602</u></u>
Covered-employee payroll	\$ 15,600,736
District's net pension liability as a percentage of covered-employee payroll	28.28%

* The amounts presented for each fiscal year were determined as of the prior fiscal year end. Information for prior years is not available.

See Notes to Required Supplementary Information.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

NOTE A - GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 73, 74, AND 75

The District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68*, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the fiscal year ended June 30, 2017. Information for prior years is not available.

NOTE B - WISCONSIN RETIREMENT SYSTEM PENSION PLAN

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

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.

NOTE C - BUDGETARY INFORMATION

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a separate budget for the special education special revenue fund. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below:

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	\$ 249,266,821	\$ 19,269,727
Reclassification of special education	19,269,727	(19,269,727)
Total Revenues	268,536,548	-
Expenditures		
Actual amounts (budgetary basis)	215,865,391	52,244,412
Reclassification of special education	52,244,412	(52,244,412)
Total Expenditures	268,109,803	-
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	33,401,430	(32,974,685)
Reclassification of special education	(32,974,685)	32,974,685
Excess of Revenues Over (Under) Expenditures	426,745	-
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(31,027,798)	32,974,685
Reclassification of special education	32,974,685	(32,974,685)
Total Other Financing Sources (Uses)	1,946,887	-
Net Change in Fund Balance		
Actual amounts (budgetary basis)	2,373,632	-
Fund Balance - July 1		
Actual amounts (budgetary basis)	41,525,124	-
Fund Balance - June 30		
Actual amounts (budgetary basis)	\$ 43,898,756	\$ -

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Notes to Required Supplementary Information
For the Year Ended June 30, 2017

NOTE C - BUDGETARY INFORMATION (Continued)

Budgets and Budgetary Accounting

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

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

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

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2017. In addition, no District funds had deficit fund equity as of June 30, 2017.

SUPPLEMENTARY INFORMATION

RACINE UNIFIED SCHOOL DISTRICT
 Racine, Wisconsin
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2017

	Special Revenue Funds			
	Trust	Special Projects	Community Service	Food Service
ASSETS				
Cash and investments	\$ -	\$ -	\$ -	\$ 1,505,489
Accounts receivable	-	-	-	41,671
Due from other funds	480,641	-	843,856	227,134
Due from other governments	-	214,509	-	326,115
TOTAL ASSETS	\$ 480,641	\$ 214,509	\$ 843,856	\$ 2,100,409
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to other funds	\$ -	\$ 137,038	\$ -	\$ -
Unearned revenues	-	-	-	53,998
Total Liabilities	-	137,038	-	53,998
Fund Balances				
Fund Balances				
Restricted				
Private gifts and donations	480,641	-	-	-
Food service programs	-	-	-	2,046,411
Grant expenditures	-	77,471	-	-
Debt service	-	-	-	-
Community service programs	-	-	843,856	-
Total Fund Balances	480,641	77,471	843,856	2,046,411
TOTAL LIABILITIES AND FUND BALANCES	\$ 480,641	\$ 214,509	\$ 843,856	\$ 2,100,409

Debt Service Funds		Total Nonmajor Governmental Funds
Non-Referendum Debt Service	Referendum Debt Service	
\$ 1,678,795	\$ 76,712	\$ 3,260,996
-	-	41,671
28,945	-	1,580,576
-	-	540,624
<hr/>		
<u>\$ 1,707,740</u>	<u>\$ 76,712</u>	<u>\$ 5,423,867</u>

\$ -	\$ 3,920	\$ 140,958
-	-	53,998
-	3,920	194,956

-	-	480,641
-	-	2,046,411
-	-	77,471
1,707,740	72,792	1,780,532
-	-	843,856
<u>1,707,740</u>	<u>72,792</u>	<u>5,228,911</u>
<hr/>		
<u>\$ 1,707,740</u>	<u>\$ 76,712</u>	<u>\$ 5,423,867</u>

RACINE UNIFIED SCHOOL DISTRICT

Racine, Wisconsin

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2017

	Special Revenue Funds			
	Trust	Special Projects	Community Service	Food Service
Revenues				
Property taxes	\$ -	\$ -	\$ 1,600,000	\$ -
Other local sources	511,306	-	109,627	1,187,064
State sources	-	-	-	171,513
Federal sources	-	703,909	-	8,221,579
Other sources	-	-	-	155,840
Total Revenues	511,306	703,909	1,709,627	9,735,996
Expenditures				
Instruction				
Regular instruction	66,746	-	-	-
Vocational instruction	1,250	-	-	-
Other instruction	12,885	486,332	-	-
Total Instruction	80,881	486,332	-	-
Support Services				
Pupil services	331	-	-	-
Instructional staff services	233,229	148,033	-	-
General administration services	37,477	-	16,039	-
School administration services	7,373	-	193,973	-
Operation and maintenance of plant	808	-	779	658,090
Pupil transportation services	36,709	34,110	16,550	-
Food services	-	-	-	9,021,395
Central services	-	12,047	11,423	-
Total Support Services	315,927	194,190	238,764	9,679,485
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Debt Service	-	-	-	-
Community Services				
	-	-	839,346	-
Total Expenditures	396,808	680,522	1,078,110	9,679,485
Excess of Revenues Over (Under) Expenditures	114,498	23,387	631,517	56,511
Other Financing Sources (Uses)				
Long-term debt issued	-	-	-	-
Premium on long term debt issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(13,525)	-	-
Total Other Financing Sources (Uses)	-	(13,525)	-	-
Net Change in Fund Balances	114,498	9,862	631,517	56,511
Fund Balances - July 1	366,143	67,609	212,339	1,989,900
Fund Balances - June 30	\$ 480,641	\$ 77,471	\$ 843,856	\$ 2,046,411

Debt Service Funds		Total Nonmajor Governmental Funds
Non-Referendum Debt Service	Referendum Debt Service	
\$ 8,055,697	\$ 1,949,074	\$ 11,604,771
14,483	2,383	1,824,863
-	-	171,513
-	-	8,925,488
59,535	-	215,375
<u>8,129,715</u>	<u>1,951,457</u>	<u>22,742,010</u>
-	-	66,746
-	-	1,250
-	-	499,217
-	-	<u>567,213</u>
-	-	331
-	-	381,262
-	-	53,516
-	-	201,346
-	-	659,677
-	-	87,369
-	-	9,021,395
-	-	23,470
-	-	<u>10,428,366</u>
11,204,846	1,665,000	12,869,846
2,466,367	219,251	2,685,618
<u>13,671,213</u>	<u>1,884,251</u>	<u>15,555,464</u>
-	-	839,346
<u>13,671,213</u>	<u>1,884,251</u>	<u>27,390,389</u>
<u>(5,541,498)</u>	<u>67,206</u>	<u>(4,648,379)</u>
5,225,000	-	5,225,000
270,537	-	270,537
467,000	-	467,000
-	-	(13,525)
<u>5,962,537</u>	<u>-</u>	<u>5,949,012</u>
421,039	67,206	1,300,633
<u>1,286,701</u>	<u>5,586</u>	<u>3,928,278</u>
<u>\$ 1,707,740</u>	<u>\$ 72,792</u>	<u>\$ 5,228,911</u>

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Pupil Activity Funds
Schedule of Changes in Assets and Liabilities
June 30, 2017

Pupil Activity Funds				
	Balance 07/01/16	Additions	Deletions	Balance 06/30/17
ASSETS				
Cash and investments	\$ 939,336	\$ 2,889,811	\$ 2,828,660	\$ 1,000,487
LIABILITIES				
Due to student organizations				
Senior high schools	\$ 521,409	\$ 1,811,549	\$ 1,722,928	\$ 610,030
Middle schools	147,605	471,626	495,908	123,323
Elementary schools	228,062	503,812	501,259	230,615
Early Childhood schools	4,572	13,439	16,017	1,994
P-COC	2,389	5,549	7,530	408
REAL School	35,299	83,836	85,018	34,117
TOTAL LIABILITIES	\$ 939,336	\$ 2,889,811	\$ 2,828,660	\$ 1,000,487

RACINE UNIFIED SCHOOL DISTRICT
RACINE, WISCONSIN
Schedule of Charter School Authorizer Services and Costs
For the Year Ended June 30, 2017

		Racine Civil Leaders Academy	REAL School	Total
	<u>Function</u>			
Services Provided				
Undifferentiated curriculum	110000	\$ 720,263	\$ -	\$ 720,263
Regular curriculum	120000	224,327	1,374,737	1,599,064
Vocational curriculum	132000	-	87,354	87,354
Physical curriculum	140000	42,843	101,823	144,666
Special education	150000	162,154	282,139	444,293
Co-curriculum activities	160000	320	4,185	4,505
Pupil services	212000	28,268	41,496	69,764
Guidance	213000	24,481	94,057	118,538
Health services	214000	8,604	53,564	62,168
Psychological services	215000	20,030	-	20,030
Occupational therapy	218100	4,133	4,133	8,266
Physical therapy	218200	-	1,378	1,378
Other pupil services	219000	1,607	-	1,607
Instructional staff training	221300	195	100	295
Non-common school funds	222000	-	-	-
General administration	230000	-	-	-
Building administration	240000	118,361	178,821	297,182
General operations	253000	165,226	276,034	441,260
Pupil transportation	256000	890	2,608	3,498
		<u>\$ 1,521,702</u>	<u>\$ 2,502,429</u>	<u>\$ 4,024,131</u>
	<u>Object</u>			
Operating Activity				
Employee salaries	100	\$ 1,074,735	\$ 1,594,537	\$ 2,669,272
Employee benefits	200	435,516	783,548	1,219,064
Purchased services	300	3,376	101,065	104,441
Non-capital objects	400	7,755	23,279	31,034
Capital objects	900	320	-	320
		<u>\$ 1,521,702</u>	<u>\$ 2,502,429</u>	<u>\$ 4,024,131</u>

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

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

To the Board of Education
Racine Unified School District

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 (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon which included an emphasis of matter paragraph as indicated on page 2 dated November 30, 2017.

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) to determine the 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.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Certified Public Accountants
Green Bay, Wisconsin
November 30, 2017

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

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

To the Board of Education
Racine Unified School District

Report on Compliance for Each Major Federal and State Program

We have audited the Racine Unified School District's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (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 Racine Unified School District's major federal and state programs for the year ended June 30, 2017. The Racine Unified School 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 Racine Unified School 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 Racine Unified School 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 Racine Unified School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Racine Unified School 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, 2017.

Report on Internal Control Over Compliance

Management of the Racine Unified School 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 Racine Unified School 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 Racine Unified School 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 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.



Certified Public Accountants
Green Bay, Wisconsin
November 30, 2017

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Revenues			Total Expenditures	Subrecipient Payment
				(Accrued) Deferred Revenue 7/1/2016	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2017		
U.S. DEPARTMENT OF AGRICULTURE								
Child Nutrition Cluster								
School Breakfast Program	10.553	WI DPI	2017-514620-SB-546	\$ (39,474)	\$ 1,759,790	\$ 67,103	\$ 1,787,419	\$ -
National School Lunch Program	10.555	WI DPI	2017-514620-NSL-547	(124,722)	5,347,200	178,164	5,400,642	-
National School Lunch Program	10.555	WI DPI	Unknown	-	643,230	-	643,230	-
National School Lunch Program	10.555	WI DPI	2017-514620-NSL-Snacks-561	-	2,854	152	3,006	-
National School Lunch Program	10.555	WI DPI	2017-514620-NSL-Snacks-566	(5,625)	74,813	6,757	75,945	-
Total National School Lunch Program				(130,347)	6,068,097	185,073	6,122,823	-
Summer Food Service Program for Children	10.559	WI DPI	2017-514620-SFSP-586	-	164,069	70,886	234,955	-
Total Child Nutrition Cluster				(169,821)	7,991,956	323,062	8,145,197	-
Child and Adult Care Food Program								
Child and Adult Care Food Program	10.558	WI DPI	2017-514620-CAFP-003	-	2,936	44	2,980	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2017-514620-FF&V-376	(2,134)	63,928	3,010	64,804	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2016-514620-FF&VP-594	-	8,599	-	8,599	-
Total Fresh Fruit and Vegetable Program				(2,134)	72,527	3,010	73,403	-
Total U.S. Department of Agriculture				(171,955)	8,067,419	326,116	8,221,580	-
U.S. DEPARTMENT OF JUSTICE								
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	WI DPI	FY 17-514620-730-599-Bully	(4,076)	4,076	13,913	13,913	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies								
Title I Grants to Local Educational Agencies	84.010	WI DPI	17-514620-Title 1-141	(751,916)	5,530,999	2,426,796	7,205,879	-
Title I Grants to Local Educational Agencies	84.010	CESA 1	Unknown	1,392	-	-	1,392	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	17-514620-TI-Delinquent-140	(99,763)	181,222	7,534	88,993	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2017-514620-Focus-145	(43,420)	105,697	29,284	91,561	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2016-514620-Cohort 1-154	(3,604)	36,167	3,291	35,854	-
Total Title I Grants to Local Educational Agencies				(897,311)	5,854,085	2,466,905	7,423,679	-
Special Education Cluster (IDEA)								
Special Education Grants to States	84.027	WI DPI	2017-514620-IDEA-341	(1,189,911)	5,184,829	1,386,874	5,381,792	-
Special Education Grants to States	84.027	WI DPI	2017-514620-IDEA-342	-	59,816	-	59,816	-
Special Education Grants to States	84.027	CESA	Unknown	-	3,122	(1,500)	1,622	-
Total Special Education - Grants to States				(1,189,911)	5,247,767	1,385,374	5,443,230	-
Special Education - Preschool Grants	84.173	WI DPI	17-514620-Pre-S-347	(73,932)	299,077	96,658	321,803	-
Total Special Education Cluster (IDEA)				(1,263,843)	5,546,844	1,482,032	5,765,033	-
Career and Technical Education – Basic Grants to States								
Education for Homeless Children and Youth	84.196	WI DPI	2017-514620-CP-CTE-400	(142,061)	142,061	222,249	222,249	-
Fund for the Improvement of Education	84.215	City of Racine	2017-514620-Homeless-335	(50,000)	92,028	9,897	51,925	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	Unknown	(6,379)	26,085	6,671	26,377	-
Special Education - Parent Information Centers	84.328	United Way	17-514620-367-CLC	(304,978)	774,672	207,837	677,531	-
Transition to Teaching Grant Program	84.350	Higher Expectations	Unknown	-	35,062	-	35,062	-
English Language Acquisition State Grants	84.365	WI DPI	A593-00000-514620	(12,500)	12,500	-	-	-
Supporting Effective Instruction State Grants	84.367	WI DPI	17-514620-Title III A-391	(168,315)	376,659	187,377	395,721	-
School Improvement Grants	84.377	WI DPI	17-514620-Title II-365	(266,687)	1,189,195	291,659	1,214,167	-
			2017-514620-SIG-151	(781,969)	2,220,637	757,310	2,195,978	-
Total U.S. Department of Education				(3,894,043)	16,269,828	5,631,937	18,007,722	-

(Continued)

RACINE UNIFIED SCHOOL DISTRICT
 Racine, Wisconsin
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2017

Grantor Agency/Federal Program Title	CFDA Number	Pass-Through Agency	Pass-Through Entity Identifying Number	Revenues			Total Expenditures	Subrecipient Payment
				(Accrued) Deferred Revenue 7/1/2016	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2017		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Pregnancy Assistance Fund Program	93.500	WI DPI	17-514620-InSPIRE-591	(64,543)	200,163	81,449	217,069	-
Medicaid Cluster								
Medical Assistance Program	93.778	WI DHS	44211100	-	3,590,184	-	3,590,184	-
Total Medicaid Cluster				-	3,590,184	-	3,590,184	-
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.079 93.243	WI DHS State of Wisconsin	2016-17-514620-WILY-334 None	(6,478) (284,048)	11,537 817,399	1,946 188,480	7,005 721,831	- -
Total U.S. Department of Health and Human Services				(355,069)	4,619,283	271,875	4,536,089	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$(4,425,143)</u>	<u>\$ 28,960,606</u>	<u>\$ 6,243,841</u>	<u>\$ 30,779,304</u>	<u>\$ -</u>
Reconciliation to Basic Financial Statements								
Federal sources							\$ 30,749,045	
Federal awards reported with local sources							35,062	
Non-grant related federal revenues							(12,255)	
Miscellaneous adjustment							7,452	
Total Federal Awards							<u>\$ 30,779,304</u>	

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Schedule of State Financial Assistance
For the Year Ended June 30, 2017

Grantor Agency/State Program Title	State I.D. Number	Pass-through Agency	State Identifying Number	Revenues			Total Expenditures	Subrecipient Payments
				(Accrued) Deferred Revenue 7/1/2016	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2017		
DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	514620-100	\$ -	\$ 11,881,611	\$ -	\$ 11,881,611	\$ -
State School Lunch Aid	255.102	Direct Program	514620-107	-	95,003	-	95,003	-
Common School Fund Library Aid	255.103	Direct Program	514620-104	-	785,091	-	785,091	-
Bilingual Bicultural Aid	255.106	Direct Program	514620-111	-	464,837	-	464,837	-
General Transportation Aid	255.107	Direct Program	514620-102	-	418,678	-	418,678	-
Equalization Aids	255.201	Direct Program	514620-116	(2,309,020)	140,930,065	2,405,986	141,027,031	-
Integration Transfer	255.205	Direct Program	514620-105	-	6,623,014	-	6,623,014	-
High Cost Special Education Aid	255.210	Direct Program	514620-119	-	365,088	-	365,088	-
Peer Review and Mentoring	255.301	Direct Program	514620-141	(17,519)	22,381	17,667	22,529	-
Alcohol and Other Drug Abuse	255.306	Direct Program	514620-143	(23,977)	23,977	25,777	25,777	-
State School Breakfast Aid	255.344	Direct Program	514620-108	-	76,510	-	76,510	-
Tuition Payments by State	255.401	Direct Program	514620-157	-	95,065	-	95,065	-
Tuition Payments by State	255.401	Direct Program	514620-158	-	136,868	-	136,868	-
Total Tuition Payments by State				-	231,933	-	231,933	-
Student Achievement Guarantee in Education (SAGE)	255.504	Direct Program	514620-160	-	1,577,783	-	1,577,783	-
Aid for High Poverty School District	255.926	Direct Program	514620-121	-	1,377,075	-	1,377,075	-
Educator Effective Evaluation System	255.940	Direct Program	514620-154	(126,531)	238,587	16,611	128,667	-
Per Pupil Aid	255.945	Direct Program	514620-113	(3,096,150)	8,180,900	-	5,084,750	-
Career and Technical Education Incentive Grants	255.950	Direct Program	514620-151	-	60,871	-	60,871	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	514620-168	-	2,706	-	2,706	-
Assessments of Reading Readiness	255.956	Direct Program	514620-166	-	57,388	-	57,388	-
Total Department of Public Instruction				(5,573,197)	173,413,498	2,466,041	170,306,342	-
TOTAL STATE PROGRAMS				\$ (5,573,197)	\$ 173,413,498	\$ 2,466,041	\$ 170,306,342	\$ -
Reconciliation to Basic Financial Statements								
Governmental Funds								
State sources							\$ 171,150,441	
Revenues not considered state financial assistance							(826,320)	
Tax-exempt computer aids							(17,779)	
Miscellaneous								
Total State Awards							<u>\$ 170,306,342</u>	

The notes to the schedule of state financial assistance are an integral part of this schedule.

RACINE UNIFIED SCHOOL DISTRICT

Racine, Wisconsin

Notes to the Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance

For the Year Ended June 30, 2017

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and schedule of state financial assistance include the federal and state grant activity of the Racine Unified School District and are presented on the modified accrual basis of accounting. The information in these schedules is 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*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2016-2017 eligible costs under the State Special Education Program as reported by the District are \$46,264,669.

NOTE C - 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.

NOTE D - OVERSIGHT AGENCIES

The U.S. Department of Education is the federal oversight agency and the Wisconsin Department of Public Instruction is the state oversight agency for the District.

NOTE E - INDIRECT COSTS

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

NOTE F - PASS THROUGH ENTITIES

Federal awards have been passed through the following entries:

- WI DHS - Wisconsin Department of Health Services
- WI DPI - Wisconsin Department of Public Instruction
- CESA 1 - Cooperative Educational Services Agency No. 1

RACINE UNIFIED SCHOOL DISTRICT
 Racine, Wisconsin
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Noncompliance material to basic financial statements noted?	No

Federal Awards and State Financial Assistance

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ?	No

Identification of major federal and state programs:

CFDA Number	Name of Federal Programs
	<i>Special Education Cluster (IDEA)</i>
84.027	Special Education - Grants to States
84.173	Special Education - Preschool Grants
84.367	Improving Teacher Quality State Grants

State ID Number	Name of State Programs
255.101	Special Education and School Age Parents
255.103	Common School Fund Library Aid
255.107	General Transportation Aid for Public and Non-Profit School Pupils
255.201	General Equalization Aids
255.205	Integration Transfer
255.504	Student Achievement Guarantee in Education
255.945	Per Pupil Adjustment Aid

Audit threshold used to determine between Type A and Type B federal programs:	\$923,379
Audit threshold used to determine between Type A and Type B state programs:	\$250,000
Auditee qualified as low-risk auditee	Yes

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Section II - Financial Statement Findings

There are no findings to be reported.

Section III – Federal Award and State Financial Assistance Findings

There are no findings to be reported.

RACINE UNIFIED SCHOOL DISTRICT
 Racine, Wisconsin
 Schedule of Findings and Questioned Costs (Continued)
 For the Year Ended June 30, 2017

Section IV - Other Issues

Does the auditors' report or the notes to the financial statement include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? _____ Yes X No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:

Department of Public Instruction	_____ Yes	<u> X </u> No	
Department of Health Services	_____ Yes	<u> X </u> No	

Was a Management Letter or other document conveying audit comments issued as a result of this audit? X Yes _____ No

Name and signature of shareholder



 David L. Maccoux, CPA

Date of report

November 30, 2017

RACINE UNIFIED SCHOOL DISTRICT
Racine, Wisconsin
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended June 30, 2017

Status of Prior Year Audit Finding

All findings noted in the 2016 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies. The current status of the prior year audit findings, as provided by management, follows:

Finding No.	Prior Year Audit Finding
-------------	--------------------------

2016-001 Special Education Aid Allowable Costs

The finding has been resolved.

Corrective Action Plan

None required.

**RACINE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

**December 18, 2017
Finance**

AGENDA ITEM: Food Service Trucks Purchase

PRESENTING: Marc Duff, Chief Financial Officer
Tim Peltz, Chief Information Officer

DESCRIPTION: An Invitation for Bid (IFB) was sent to six dealerships to purchase two (2) refrigerated delivery trucks with a tailgate lift. The intent is to replace two (2) older refrigerated trucks used to deliver meals for the food service program. This purchase completes the upgrade to the refrigerated truck delivery fleet so that all are relatively new vehicles. The two new trucks will have gasoline engines, rather than diesel, which is more suitable for the winter weather and deliveries. The older trucks will either be sold at auction or used as reserve vehicles.

Three vendors, Badger Truck Center, Ewald Ford, and Kayser Commercial Sales, responded in written form to the IFB. Badger Truck Center was awarded the bid by having the lowest cost proposal which also included alternate and optional features. No bids were received by local vendors.

FISCAL NOTE: Funding for these vehicles was included in the 2017-18 budget from the Food Service Fund.

RECOMMENDATION: Approve the award for the purchase of two (2) refrigerated delivery trucks to Badger Truck Center for \$181,300.

ACTION TAKEN:

Refrigerated Trucks

Bidder	Badger Truck Center	Ewald Ford	Kayser Commercial Sales
Make	Ford Super Duty F-650 DRW XL 2WD Reg	Ford Super Duty F-650 DRW 2WD Reg	Ford Super Duty F-650 DRW 2WD Reg
Model	Cab 194" WB 120" CA	Cab 194" WB 120" CA	Cab 194" WB 120" CA
Year	2018	2018	2018
Color	Red	Red	Red
Refrigeration Unit	T680R refrigeration & 18 gallon diesel fuel tank		
Alternate Refrigeration Unit	Supra 660 Carrier refrigeration & 30 gallon diesel fuel tank		
2nd Alternate Refrigeration Unit	Supra 560 Carrier refrigeration & 30 gallon diesel fuel tank		
Warranty Basic	24 months/Unlimited miles		24 months/Unlimited miles
Warranty Drivetrain			
Refridgeration Unit - each	\$90,382.00	\$102,752.00	\$96,450.00
Alternate Refrigeration Unit Supra 660 - each	\$88,842.00		
Alternate Refrigeration Unit Supra 560 - each	\$87,382.00		
Optional Electric Side Mirrors	\$268.00 ea truck	included in price	\$250.00
Optional Backup Camera	\$1050.00 ea truck		included in price
Optional Front Stabilizer Bar	\$490.00	included in price	
Destination Charge		\$1,495.00	included in price
Badger Truck - Awarded			
Alternate Refrigeration Unit Supra 660 - each	\$88,842.00		
Optional Electric Side Mirrors	\$268.00		
Optional Backup Camera	\$1,050.00		
Optional Front Stabilizer Bar	\$490.00		
Truck Cost:	\$90,650.00		

Refrigerated Trucks

Bidder	
Make	
Model	
Year	
Color	
Refrigeration Unit	
Alternate Refrigeration Unit	
2nd Alternate Refrigeration Unit	
Warranty Basic	
Warranty Drivetrain	
Refridgeration Unit - each	
Alternate Refrigeration Unit Supra 660 - each	
Alternate Refrigeration Unit Supra 560 - each	
Optional Electric Side Mirrors	
Optional Backup Camera	
Optional Front Stabilizer Bar	
Destination Charge	
Badger Truck - Awarded	
Alternate Refrigeration Unit Supra 660 - each	
Optional Electric Side Mirrors	
Optional Backup Camera	
Optional Front Stabilizer Bar	
Truck Cost:	

**RACINE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

**December 18, 2017
Operations**

AGENDA ITEM: Transfer of Property Ownership of the Property and Building Identified as Former Olympia Brown Elementary School Located at 5915-5919 Erie Street in Caledonia

PRESENTING: Bryan Arnold, Director of Buildings and Grounds

DESCRIPTION: Publicly advertised requests for proposals for development of the former Olympia Brown Elementary School were solicited. Two submissions were received.

FISCAL NOTE: Olympia Brown Property
District estimated cost for demolition: \$1.6 million
District estimated cost for marketing and sale: 8-10% additional
Total potential cost to demolish and sale: ~ \$1.7 - \$1.8 million
Appraised value: \$1.48 million

Bid was received for \$900,000 to transfer property in exchange for development. This offer is extremely favorable to the District's interest.

RECOMMENDATION: Approve the transfer of ownership of the former Olympia Brown Elementary Site and property to Inspired Real Estate Development LLC for the consideration of Nine hundred thousand dollars (\$900,000) in exchange for the property and any and all site improvements, and development of the site.

ACTION TAKEN:

WB-15 COMMERCIAL OFFER TO PURCHASE

1 LICENSEE DRAFTING THIS OFFER ON 12-8-17 [DATE] IS (AGENT OF BUYER)
2 (AGENT OF SELLER/LISTING BROKER) (AGENT OF BUYER AND SELLER) ~~STRIKE THOSE NOT APPLICABLE~~

3 **GENERAL PROVISIONS** The Buyer, Inspired Real Estate Developers, LLC
4 _____, offers to purchase the Property known as [Street Address] _____
5 5915-5919 Ernest in the Village
6 of Caledonia, County of Racine, Wisconsin

7 (Insert additional description, if any, at lines 109-115 or 277-286 or attach as an addendum per line 479), on the following terms:

8 ■ PURCHASE PRICE: Nine Hundred thousand and 0/100
9 _____ Dollars (\$ 900,000.00).

10 ■ EARNEST MONEY of \$ -0- accompanies this Offer and earnest money of \$ -0- will be
11 mailed, or commercially or personally delivered within _____ days of acceptance to listing broker or
12 _____.

13 ■ THE BALANCE OF PURCHASE PRICE will be paid in cash or equivalent at closing unless otherwise provided below.

14 ■ INCLUDED IN PURCHASE PRICE: Seller is including in the purchase price the Property, all Fixtures on the Property on the date of this Offer
15 not excluded at lines 20-22, and the following additional items: _____
16 _____
17 _____

18 All personal property included in purchase price will be transferred by bill of sale or _____
19 _____

20 ■ NOT INCLUDED IN PURCHASE PRICE: _____
21 _____
22 _____

23 **CAUTION: Identify trade fixtures owned by tenant, if applicable, and Fixtures that are on the Property (see lines 303-310) to be excluded**
24 **by Seller or which are rented and will continue to be owned by the lessor.**

25 **NOTE: The terms of this Offer, not the listing contract or marketing materials, determine what items are included/excluded.**

26 **ACCEPTANCE** Acceptance occurs when all Buyers and Sellers have signed one copy of the Offer, or separate but identical copies of the Offer.

27 **CAUTION: Deadlines in the Offer are commonly calculated from acceptance. Consider whether short term deadlines running from**
28 **acceptance provide adequate time for both binding acceptance and performance.**

29 **BINDING ACCEPTANCE** This Offer is binding upon both Parties only if a copy of the accepted Offer is delivered to Buyer on or before
30 12-20-17. Seller may keep the Property on the market and accept

31 secondary offers after binding acceptance of this Offer.

32 **CAUTION: This Offer may be withdrawn prior to delivery of the accepted Offer.**

33 **OPTIONAL PROVISIONS** TERMS OF THIS OFFER THAT ARE PRECEDED BY AN OPEN BOX () ARE PART OF THIS OFFER ONLY IF
34 THE BOX IS MARKED SUCH AS WITH AN "X." THEY ARE NOT PART OF THIS OFFER IF MARKED "N/A" OR ARE LEFT BLANK.

35 **DELIVERY OF DOCUMENTS AND WRITTEN NOTICES** Unless otherwise stated in this Offer, delivery of documents and written notices to a
36 Party shall be effective only when accomplished by one of the methods specified at lines 37-54.

37 (1) **Personal Delivery:** giving the document or written notice personally to the Party, or the Party's recipient for delivery if named at line 38 or 39.
38 Seller's recipient for delivery (optional): Bryan Arnold for RUSD

39 Buyer's recipient for delivery (optional): Dona Myers for Inspired
40 (2) **Fax:** fax transmission of the document or written notice to the following telephone number:
41 Seller: (_____) Buyer: (_____)

42 (3) **Commercial Delivery:** depositing the document or written notice fees prepaid or charged to an account with a commercial delivery
43 service, addressed either to the Party, or to the Party's recipient for delivery if named at line 38 or 39, for delivery to the Party's delivery address at
44 line 47 or 48.

45 (4) **U.S. Mail:** depositing the document or written notice postage prepaid in the U.S. Mail, addressed either to the Party, or to the Party's
46 recipient for delivery if named at line 38 or 39, for delivery to the Party's delivery address at line 47 or 48.

47 Delivery address for Seller: _____
48 Delivery address for Buyer: _____

49 (5) **E-Mail:** electronically transmitting the document or written notice to the Party's e-mail address, if given below at line 53 or 54. If this is a
50 consumer transaction where the property being purchased or the sale proceeds are used primarily for personal, family or household purposes,
51 each consumer providing an e-mail address below has first consented electronically to the use of electronic documents, e-mail delivery and
52 electronic signatures in the transaction, as required by federal law.

53 E-Mail address for Seller (optional): bryan.arnold@RUSD.org
54 E-Mail address for Buyer (optional): dona@summitLDS.com

55 **PERSONAL DELIVERY/ACTUAL RECEIPT** Personal delivery to, or Actual Receipt by, any named Buyer or Seller constitutes personal delivery
56 to, or Actual Receipt by, all Buyers or Sellers.

57 **PROPERTY CONDITION REPRESENTATIONS** Seller represents to Buyer that as of the date of acceptance Seller has no notice or knowledge
58 of Conditions Affecting the Property or Transaction (lines 181-215) other than those identified in Seller's disclosure report dated N/A
59 and Real Estate Condition Report, if applicable, dated N/A, which was/were received by Buyer prior to Buyer
60 signing this Offer and which is/are made a part of this offer by reference **COMPLETE DATES OR STRIKE AS APPLICABLE** and
61

62 **INSERT CONDITIONS NOT ALREADY INCLUDED IN THE DISCLOSURE OR CONDITION REPORT(S)**

63 **CAUTION: If the Property includes 1-4 dwelling units, a Real Estate Condition Report containing the disclosures provided in Wis. Stat. §**
64 **709.03 may be required. Excluded from this requirement are sales of property that has never been inhabited, sales exempt from the real**
65 **estate transfer fee, and sales by certain court-appointed fiduciaries, (for example, personal representatives who have never occupied**
66 **the Property). Buyer may have rescission rights per Wis. Stat. § 709.05.**

67 **CLOSING** This transaction is to be closed no later than 45 days from acceptance of offer
68 at the place selected by Seller, unless otherwise agreed by the Parties in writing.

69 **CLOSING PRORATIONS** The following items, if applicable, shall be prorated at closing, based upon date of closing values: real estate taxes,
70 rents, prepaid insurance (if assumed), private and municipal charges, property owners association assessments, fuel and
71

72 **CAUTION: Provide basis for utility charges, fuel or other prorations if date of closing value will not be used.**

73 Any income, taxes or expenses shall accrue to Seller, and be prorated at closing, through the day prior to closing.
74 Real estate taxes shall be prorated at closing based on [CHECK BOX FOR APPLICABLE PRORATION FORMULA]:

- 75 The net general real estate taxes for the preceding year, or the current year if available (Net general real estate taxes are defined as
- 76 general property taxes after state tax credits and lottery credits are deducted) (NOTE: THIS CHOICE APPLIES IF NO BOX IS CHECKED)
- 77 Current assessment times current mill rate (current means as of the date of closing)
- 78 Sale price, multiplied by the municipality area-wide percent of fair market value used by the assessor in the prior year, or current year if
- 79 known, multiplied by current mill rate (current means as of the date of closing)
- 80

81 **CAUTION: Buyer is informed that the actual real estate taxes for the year of closing and subsequent years may be substantially**
82 **different than the amount used for proration especially in transactions involving new construction, extensive rehabilitation, remodeling**
83 **or area-wide re-assessment. Buyer is encouraged to contact the local assessor regarding possible tax changes.**

84 Buyer and Seller agree to re-prorate the real estate taxes, through the day prior to closing based upon the taxes on the actual tax bill for
85 the year of closing, with Buyer and Seller each owing his or her pro-rata share. Buyer shall, within 5 days of receipt, forward a copy of the bill
86 to the forwarding address Seller agrees to provide at closing. The Parties shall re-prorate within 30 days of Buyer's receipt of the actual tax
87 bill. Buyer and Seller agree this is a post-closing obligation and is the responsibility of the Parties to complete, not the responsibility of the real
88 estate brokers in this transaction.

89 **OCCUPANCY** Occupancy of the entire Property shall be given to Buyer at time of closing unless otherwise provided in this Offer at lines 109-115
90 or 277-286 or in an addendum attached per line 479. At time of Buyer's occupancy, Property shall be in broom swept condition and free of all
91 debris and personal property except for personal property belonging to current tenants, or that sold to Buyer or left with Buyer's consent.
92 Occupancy shall be given subject to tenant's rights, if any.

93 **LEASED PROPERTY** If Property is currently leased and lease(s) extend beyond closing, Seller shall assign Seller's rights under said lease(s)
94 and transfer all security deposits and prepaid rents thereunder to Buyer at closing. The terms of the (written) (oral) **STRIKE ONE** lease(s), if any,
95 are

96 Insert additional terms, if any, at lines 109-115 or 277-286 or attach as an addendum per line 479.

97 **ESTOPPEL LETTERS:** Seller shall deliver to Buyer no later than _____ days before closing, estoppel letters dated within
98 _____ days before closing, from each non-residential tenant, confirming the lease term, rent installment amounts, amount of security
99 deposit, and disclosing any defaults, claims or litigation with regard to the lease or tenancy.

100 **RENTAL WEATHERIZATION** This transaction (is) (is not) **STRIKE ONE** exempt from Wisconsin Rental Weatherization Standards (Wis. Admin.,
101 Code Ch. SPS 367). If not exempt, (Buyer) (Seller) **STRIKE ONE** ("Buyer" if neither is stricken) shall be responsible for compliance, including all
102 costs, with Wisconsin Rental Weatherization Standards. If Seller is responsible for compliance, Seller shall provide a Certificate of Compliance at
103 closing.

104 **TIME IS OF THE ESSENCE** "Time is of the Essence" as to: (1) earnest money payment(s); (2) binding acceptance; (3) occupancy; (4) date of
105 closing; (5) contingency Deadlines **STRIKE AS APPLICABLE** and all other dates and Deadlines in this Offer except: _____
106 _____. If "Time
107 is of the Essence" applies to a date or Deadline, failure to perform by the exact date or Deadline is a breach of contract. If "Time is of the Essence"
108 does not apply to a date or Deadline, then performance within a reasonable time of the date or Deadline is allowed before a breach occurs.

109 **ADDITIONAL PROVISIONS/CONTINGENCIES**
110 _____
111 _____
112 _____
113 _____
114 _____
115 _____

116 **PROPOSED USE CONTINGENCIES:** Buyer is purchasing the Property for the purpose of: _____
117 _____

118 _____ [insert proposed use and type and size of building, if applicable; e.g.
119 restaurant/tavern with capacity of 350 and 3 second floor dwelling units]. The optional provisions checked on lines 123-139 shall be deemed
120 satisfied unless Buyer delivers to Seller by the deadline(s) set forth on lines 123-139 written notice specifying those items which cannot be
121 satisfied and written evidence substantiating why each specific item included in Buyer's notice cannot be satisfied. Upon delivery of Buyer's notice,
122 this Offer shall be null and void. Seller agrees to cooperate with Buyer as necessary to satisfy the contingencies checked at lines 123-139.

123 **EASEMENTS AND RESTRICTIONS:** This Offer is contingent upon Buyer obtaining, within _____ days of acceptance, at
124 (Buyer's) (Seller's) **STRIKE ONE** ("Buyer's" if neither is stricken) expense, copies of all public and private easements, covenants and
125 restrictions affecting the Property and a written determination by a qualified independent third party that none of these prohibit or significantly
126 delay or increase the costs of the proposed use or development identified at lines 116 to 118.

127 **APPROVALS:** This Offer is contingent upon Buyer obtaining, at (Buyer's) (Seller's) **STRIKE ONE** ("Buyer's" if neither is stricken) expense,
128 all applicable governmental permits, approvals and licenses, as necessary and appropriate, or the final discretionary action by the granting
129 authority prior to the issuance of such permits, approvals and licenses, for the following items related to Buyer's proposed use:

130 _____
131 or delivering written notice to Seller if the item(s) cannot be obtained or can only be obtained subject to conditions which significantly increase
132 the cost of Buyer's proposed use, all within _____ days of acceptance of this Offer.

133 **ACCESS TO PROPERTY:** This Offer is contingent upon Buyer obtaining, within _____ days of acceptance, at (Buyer's) (Seller's)
134 **STRIKE ONE** ("Buyer's" if neither is stricken) expense, written verification that there is legal vehicular access to the Property from public roads.

135 **LAND USE APPROVAL:** This Offer is contingent upon Buyer obtaining, at (Buyer's) (Seller's) **STRIKE ONE** ("Buyer's" if neither is stricken)
136 expense, a rezoning; conditional use permit; license; variance; building permit; occupancy permit; other _____

137 _____ **CHECK ALL THAT APPLY**, for the Property for its proposed use described
138 at lines 116-118 or delivering written notice to Seller if the item(s) cannot be obtained or can only be obtained subject to conditions which
139 significantly increase the cost of Buyer's proposed use, all within _____ days of acceptance.

140 **MAP OF THE PROPERTY:** This Offer is contingent upon (Buyer obtaining) (Seller providing) **STRIKE ONE** ("Seller providing" if neither is
141 stricken) a _____ survey (ALTA/ACSM Land Title Survey if survey type is not
142 specified) dated subsequent to the date of acceptance of this Offer and prepared by a registered land surveyor, within _____ days of
143 acceptance, at (Buyer's) (Seller's) **STRIKE ONE** ("Seller's" if neither is stricken) expense. The map shall show minimum of _____ acres,
144 maximum of _____ acres, the legal description of the Property, the Property's boundaries and dimensions, visible encroachments upon
145 the Property, the location of improvements, if any, and: _____

146 _____ **STRIKE AND COMPLETE AS APPLICABLE** Additional map features
147 which may be added include, but are not limited to: staking of all corners of the Property; identifying dedicated and apparent streets; lot
148 dimensions; total acreage or square footage; utility installations; easements or rights-of-way. Such survey shall be in satisfactory form and
149 accompanied by any required surveyor's certificate sufficient to enable Buyer to obtain removal of the standard survey exception on the title policy.

150 **CAUTION: Consider the cost and the need for map features before selecting them. Also consider the time required to obtain the map**
151 **when setting the deadline.**

152 This contingency shall be deemed satisfied unless Buyer, within five (5) days of the earlier of: (1) Buyer's receipt of the map; or (2) the deadline for
153 delivery of said map, delivers to Seller a copy of the map and a written notice which identifies: (1) a significant encroachment; (2) information
154 materially inconsistent with prior representations; (3) failure to meet requirements stated within this contingency; or (4) the existence of conditions
155 that would prohibit the Buyer's intended use of the Property described at lines 116-118. Upon delivery of Buyer's notice, this Offer shall be null and
156 void.

157 **DOCUMENT REVIEW CONTINGENCY:** This Offer is contingent upon Seller delivering the following documents to Buyer within
158 _____ days of acceptance: **CHECK THOSE THAT APPLY; STRIKE AS APPROPRIATE**

159 Documents evidencing that the sale of the Property has been properly authorized, if Seller is a business entity.

160 A complete inventory of all furniture, fixtures, equipment and other personal property included in this transaction which is consistent with
161 representations made prior to and in this Offer.

162 Uniform Commercial Code lien search as to the personal property included in the purchase price, showing the Property to be free and clear
163 of all liens, other than liens to be released prior to or at closing.

164 Rent roll.

165 Other _____

166 _____
167 Additional items which may be added include, but are not limited to: building, construction or component warranties, previous environmental site
168 assessments, surveys, title commitments and policies, maintenance agreements, other contracts relating to the Property, existing permits and
169 licenses, recent financial operating statements, current and future rental agreements, notices of termination and non-renewal, and assessment
170 notices.

171 All documents Seller delivers to Buyer shall be true, accurate, current and complete. Buyer shall keep all such documents confidential and
172 disclose them to third parties only to the extent necessary to implement other provisions of this Offer. Buyer shall return all documents (originals
173 and any reproductions) to Seller if this Offer is terminated.

174 **CONTINGENCY SATISFACTION:** This contingency shall be deemed satisfied unless Buyer, within _____ days of the earlier of
175 receipt of the final document to be delivered or the deadline for delivery of the documents, delivers to Seller a written notice indicating that this

176 contingency has not been satisfied. Such notice shall identify which document(s) have not been timely delivered or do not meet the standard set
177 forth for the document(s). Upon delivery of such notice, this Offer shall be null and void.

178 **DEFINITIONS**

179 ■ **ACTUAL RECEIPT:** "Actual Receipt" means that a Party, not the Party's recipient for delivery, if any, has the document or written notice
180 physically in the Party's possession, regardless of the method of delivery.

181 ■ **CONDITIONS AFFECTING THE PROPERTY OR TRANSACTION:** "Conditions Affecting the Property or Transaction" are defined to include:

- 182 a. Defects in structural components, e.g. roof, foundation, basement or other walls.
- 183 b. Defects in mechanical systems, e.g. HVAC, electrical, plumbing, septic, well, fire safety, security or lighting.
- 184 c. Underground or aboveground storage tanks presently or previously on the Property for storage of flammable or combustible liquids, including
185 but not limited to gasoline and heating oil.
- 186 d. Defect or contamination caused by unsafe concentrations of, or unsafe conditions relating to, lead paint, asbestos, radon, radium in water
187 supplies, mold, pesticides or other potentially hazardous or toxic substances on the premises.
- 188 e. Production of or spillage of methamphetamine (meth) or other hazardous or toxic substances on the Property.
- 189 f. Zoning or building code violations, any land division involving the Property for which required state or local permits had not been obtained,
190 nonconforming structures or uses, conservation easements, rights-of-way.
- 191 g. Special purpose district, such as a drainage district, lake district, sanitary district or sewer district, that has the authority to impose
192 assessments against the real property located within the district.
- 193 h. Proposed, planned or commenced public improvements which may result in special assessments or otherwise materially affect the Property
194 or the present use of the Property.
- 195 i. Federal, state or local regulations requiring repairs, alterations or corrections of an existing condition.
- 196 j. Flooding, standing water, drainage problems or other water problems on or affecting the Property.
- 197 k. Material damage from fire, wind, floods, earthquake, expansive soils, erosion or landslides.
- 198 l. Near airports, freeways, railroads or landfills, or significant odor, noise, water intrusion or other irritants emanating from neighboring property.
- 199 m. Portion of the Property in a floodplain, wetland or shoreland zoning area under local, state or federal regulations.
- 200 n. Property is subject to a mitigation plan required under administrative rules of the Department of Natural Resources related to county
201 shoreland zoning ordinances, which obligates the owner of the Property to establish or maintain certain measures related to shoreland
202 conditions and which is enforceable by the county.
- 203 o. Encroachments; easements, other than recorded utility easements; access restrictions; covenants, conditions and restrictions; shared
204 fences, walls, wells, driveways, signage or other shared usages; or leased parking.
- 205 p. High voltage electric (100 KV or greater) or steel natural gas transmission lines located on but not directly serving the Property.
- 206 q. Structure on the Property designated as a historic building, any part of the Property located in a historic district, or burial sites or
207 archaeological artifacts on the Property.
- 208 r. All or part of the land has been assessed as agricultural land, the owner has been assessed a use-value conversion charge or the payment
209 of a use-value conversion charge has been deferred.
- 210 s. All or part of the Property is subject to, enrolled in or in violation of a certified farmland preservation zoning district or a farmland preservation
211 agreement, or a Forest Crop, Managed Forest (see disclosure requirements in Wis. Stat. § 710.12), Conservation Reserve or comparable
212 program.
- 213 t. A pier is attached to the Property that is not in compliance with state or local pier regulations.
- 214 u. Government investigation or private assessment/audit (of environmental matters) conducted.
- 215 v. Other Defects affecting the Property.

216 ■ **DEADLINES:** "Deadlines" expressed as a number of "days" from an event, such as acceptance, are calculated by excluding the day the event
217 occurred and by counting subsequent calendar days. The deadline expires at midnight on the last day. Deadlines expressed as a specific number
218 of "business days" exclude Saturdays, Sundays, any legal public holiday under Wisconsin or Federal law, and other day designated by the
219 President such that the postal service does not receive registered mail or make regular deliveries on that day. Deadlines expressed as a specific
220 number of "hours" from the occurrence of an event, such as receipt of a notice, are calculated from the exact time of the event, and by counting 24
221 hours per calendar day. Deadlines expressed as a specific day of the calendar year or as the day of a specific event, such as closing, expire at
222 midnight of that day.

223 ■ **DEFECT:** "Defect" means a condition that would have a significant adverse effect on the value of the Property; that would significantly impair
224 the health or safety of future occupants of the Property; or that if not repaired, removed or replaced would significantly shorten or adversely affect
225 the expected normal life of the premises.

226 (Definitions Continued on page 6)

IF LINE 228 IS NOT MARKED OR IS MARKED N/A LINES 264-269 APPLY.

227 **FINANCING CONTINGENCY:** This Offer is contingent upon Buyer being able to obtain a written _____
228 [INSERT LOAN PROGRAM OR SOURCE] first mortgage loan commitment as described below, within _____ days of acceptance of this
229 Offer. The financing selected shall be in an amount of not less than \$ _____ for a term of not less than _____ years,
230 amortized over not less than _____ years. Initial monthly payments of principal and interest shall not exceed \$ _____. Monthly
231 payments may also include 1/12th of the estimated net annual real estate taxes, hazard insurance premiums, and private mortgage insurance
232 premiums. The mortgage may not include a prepayment premium. Buyer agrees to pay discount points and/or loan origination fee in an amount
233 not to exceed _____% of the loan. If the purchase price under this Offer is modified, the financed amount, unless otherwise provided, shall
234 be adjusted to the same percentage of the purchase price as in this contingency and the monthly payments shall be adjusted as necessary to
235 maintain the term and amortization stated above.

237 **CHECK AND COMPLETE APPLICABLE FINANCING PROVISION AT LINE 238 or 239.**
238 **FIXED RATE FINANCING:** The annual rate of interest shall not exceed _____%.
239 **ADJUSTABLE RATE FINANCING:** The initial annual interest rate shall not exceed _____%. The initial interest rate shall be
240 fixed for _____ months, at which time the interest rate may be increased not more than _____% per year. The maximum
241 interest rate during the mortgage term shall not exceed _____%. Monthly payments of principal and interest may be adjusted to
242 reflect interest changes.

243 **If Buyer is using multiple loan sources or obtaining a construction loan or land contract financing, describe at lines 109-115 or 277-286**
244 **or in an addendum attached per line 479.**

245 **NOTE: If purchase is conditioned on buyer obtaining financing for operations or development consider adding a contingency for that**
246 **purpose.**

247 **BUYER'S LOAN COMMITMENT:** Buyer agrees to pay all customary loan and closing costs, to promptly apply for a mortgage loan, and to
248 provide evidence of application promptly upon request of Seller. If Buyer qualifies for the loan described in this Offer or another loan acceptable to
249 Buyer, Buyer agrees to deliver to Seller a copy of the written loan commitment no later than the deadline at line 229. **Buyer and Seller agree that**
250 **delivery of a copy of any written loan commitment to Seller (even if subject to conditions) shall satisfy Buyer's financing contingency if,**
251 **after review of the loan commitment, Buyer has directed, in writing, delivery of the loan commitment. Buyer's written direction shall**
252 **accompany the loan commitment. Delivery shall not satisfy this contingency if accompanied by a notice of unacceptability.**

253 **CAUTION: The delivered commitment may contain conditions Buyer must yet satisfy to obligate the lender to provide the loan. BUYER,**
254 **BUYER'S LENDER AND AGENTS OF BUYER OR SELLER SHALL NOT DELIVER A LOAN COMMITMENT TO SELLER OR SELLER'S**
255 **AGENT WITHOUT BUYER'S PRIOR WRITTEN APPROVAL OR UNLESS ACCOMPANIED BY A NOTICE OF UNACCEPTABILITY.**

256 **SELLER TERMINATION RIGHTS:** If Buyer does not make timely delivery of said commitment; Seller may terminate this Offer if Seller delivers
257 a written notice of termination to Buyer prior to Seller's Actual Receipt of a copy of Buyer's written loan commitment.

258 **FINANCING UNAVAILABILITY:** If financing is not available on the terms stated in this Offer (and Buyer has not already delivered an
259 acceptable loan commitment for other financing to Seller), Buyer shall promptly deliver written notice to Seller of same including copies of
260 lender(s)' rejection letter(s) or other evidence of unavailability. Unless a specific loan source is named in this Offer, Seller shall then have 10 days
261 to deliver to Buyer written notice of Seller's decision to finance this transaction on the same terms set forth in this Offer, and this Offer shall remain
262 in full force and effect, with the time for closing extended accordingly. If Seller's notice is not timely given, this Offer shall be null and void. Buyer
263 authorizes Seller to obtain any credit information reasonably appropriate to determine Buyer's credit worthiness for Seller financing.

264 **IF THIS OFFER IS NOT CONTINGENT ON FINANCING:** Within 7 days of acceptance, a financial institution or third party in control of Buyer's
265 funds shall provide Seller with reasonable written verification that Buyer has, at the time of verification, sufficient funds to close. If such written
266 verification is not provided, Seller has the right to terminate this Offer by delivering written notice to Buyer. Buyer may or may not obtain mortgage
267 financing but does not need the protection of a financing contingency. Seller agrees to allow Buyer's appraiser access to the Property for
268 purposes of an appraisal. Buyer understands and agrees that this Offer is not subject to the appraisal meeting any particular value, unless this
269 Offer is subject to an appraisal contingency, nor does the right of access for an appraisal constitute a financing contingency.

270 **APPRAISAL CONTINGENCY:** This Offer is contingent upon the Buyer or Buyer's lender having the Property appraised at Buyer's expense
271 by a Wisconsin licensed or certified independent appraiser who issues an appraisal report dated subsequent to the date of this Offer indicating an
272 appraised value for the Property equal to or greater than the agreed upon purchase price. This contingency shall be deemed satisfied unless
273 Buyer, within _____ days of acceptance, delivers to Seller a copy of the appraisal report which indicates that the appraised value is not
274 equal to or greater than the agreed upon purchase price, accompanied by a written notice of termination.

275 **CAUTION: An appraisal ordered by Buyer's lender may not be received until shortly before closing. Consider whether deadlines provide**
276 **adequate time for performance.**

277 **ADDITIONAL PROVISIONS/CONTINGENCIES** Buyers will be responsible for all
278 closing costs and Title Insurance as long as seller agrees to
279 allow buyer to choose the title insurance and closing
280 company. Seller shall be responsible for all prorations and
281 Wisconsin transfer tax, if any.

282 _____
283 _____
284 _____
285 _____
286 _____

287 **DEFINITIONS CONTINUED FROM PAGE 4**

288 ■ **ENVIRONMENTAL SITE ASSESSMENT:** An "Environmental Site Assessment" (also known as a "Phase I Site Assessment") (see lines 379-395)
 289 may include, but is not limited to: (1) an inspection of the Property; (2) a review of the ownership and use history of the Property, including a
 290 search of title records showing private ownership of the Property for a period of 80 years prior to the visual inspection; (3) a review of historic and
 291 recent aerial photographs of the Property, if available; (4) a review of environmental licenses, permits or orders issued with respect to the Property
 292 (5) an evaluation of results of any environmental sampling and analysis that has been conducted on the Property; and (6) a review to determine if
 293 the Property is listed in any of the written compilations of sites or facilities considered to pose a threat to human health or the environment
 294 including the National Priorities List, the Department of Nature Resources' (DNR) Registry of Waste Disposal Sites, the DNR's Contaminated
 295 Lands Environmental Action Network, and the DNR's Remediation and Redevelopment (RR) Sites Map including the Geographical Information
 296 System (GIS) Registry and related resources. Any Environmental Site Assessment performed under this Offer shall comply with generally
 297 recognized industry standards (e.g. current American Society of Testing and Materials "Standard Practice for Environmental Site Assessments"),
 298 and state and federal guidelines, as applicable.

299 **CAUTION: Unless otherwise agreed an Environmental Site Assessment does not include subsurface testing of the soil or groundwater**
 300 **or other testing of the Property for environmental pollution. If further investigation is required, insert provisions for a Phase II Site**
 301 **Assessment (collection and analysis of samples), Phase III Environmental Site Assessment (evaluation of remediation alternatives) or**
 302 **other site evaluation at lines 109-115 or 277-286 or attach as an addendum per line 479.**

303 ■ **FIXTURE:** A "Fixture" is an item of property which is physically attached to or so closely associated with land or improvements so as to be
 304 treated as part of the real estate, including, without limitation, physically attached items not easily removable without damage to the premises,
 305 items specifically adapted to the premises and items customarily treated as fixtures, including, but not limited to, all: garden bulbs; plants; shrubs
 306 and trees; screen and storm doors and windows; electric lighting fixtures; window shades; curtain and traverse rods; blinds and shutters; central
 307 heating and cooling units and attached equipment; water heaters and treatment systems; sump pumps; attached or fitted floor coverings; awnings;
 308 attached antennas; garage door openers and remote controls; installed security systems; central vacuum systems and accessories; in-ground
 309 sprinkler systems and component parts; built-in appliances; ceiling fans; fences; storage buildings on permanent foundations and docks/piers on
 310 permanent foundations. A Fixture does not include trade fixtures owned by tenants of the Property.

311 **CAUTION: Exclude Fixtures not owned by Seller such as rented fixtures. See lines 20-22.**

312 ■ **PROPERTY:** Unless otherwise stated, "Property" means the real estate described at lines 4-7.

313 **DISTRIBUTION OF INFORMATION** Buyer and Seller authorize the agents of Buyer and Seller to: (i) distribute copies of the Offer to Buyer's
 314 lender, appraisers, title insurance companies and any other settlement service providers for the transaction as defined by the Real Estate
 315 Settlement Procedures Act (RESPA); (ii) report sales and financing concession data to multiple listing service sold databases; and (iii) provide
 316 active listing, pending sale, closed sale and financing concession information and data, and related information regarding seller contributions,
 317 incentives or assistance, and third party gifts, to appraisers researching comparable sales, market conditions and listings, upon inquiry.

318 **EARNEST MONEY**

319 ■ **HELD BY:** Unless otherwise agreed, earnest money shall be paid to and held in the trust account of the listing broker (Buyer's agent if Property
 320 is not listed or Seller's account if no broker is involved), until applied to the purchase price or otherwise disbursed as provided in the Offer.

321 **CAUTION: Should persons other than a broker hold earnest money, an escrow agreement should be drafted by the Parties or an**
 322 **attorney. If someone other than Buyer makes payment of earnest money, consider a special disbursement agreement.**

323 ■ **DISBURSEMENT:** If negotiations do not result in an accepted offer, the earnest money shall be promptly disbursed (after clearance from
 324 payor's depository institution if earnest money is paid by check) to the person(s) who paid the earnest money. At closing, earnest money shall be
 325 disbursed according to the closing statement. If this Offer does not close, the earnest money shall be disbursed according to a written
 326 disbursement agreement signed by all Parties to this Offer. If said disbursement agreement has not been delivered to broker within 60 days after
 327 the date set for closing, broker may disburse the earnest money: (1) as directed by an attorney who has reviewed the transaction and does not
 328 represent Buyer or Seller; (2) into a court hearing a lawsuit involving the earnest money and all Parties to this Offer; (3) as directed by court order;
 329 or (4) any other disbursement required or allowed by law. Broker may retain legal services to direct disbursement per (1) or to file an interpleader
 330 action per (2) and broker may deduct from the earnest money any costs and reasonable attorneys fees, not to exceed \$250, prior to
 331 disbursement.

332 ■ **LEGAL RIGHTS/ACTION:** Broker's disbursement of earnest money does not determine the legal rights of the Parties in relation to this Offer.
 333 Buyer's or Seller's legal right to earnest money cannot be determined by broker. At least 30 days prior to disbursement per (1) or (4) above, broker
 334 shall send Buyer and Seller notice of the disbursement by certified mail. If Buyer or Seller disagree with broker's proposed disbursement, a lawsuit
 335 may be filed to obtain a court order regarding disbursement. Small Claims Court has jurisdiction over all earnest money disputes arising out of the
 336 sale of residential property with 1-4 dwelling units and certain other earnest money disputes. Buyer and Seller should consider consulting
 337 attorneys regarding their legal rights under this Offer in case of a dispute. Both Parties agree to hold the broker harmless from any liability for good
 338 faith disbursement of earnest money in accordance with this Offer or applicable Department of Safety and Professional Services regulations
 339 concerning earnest money. See Wis. Admin. Code Ch. REEB 18.

340 **TITLE EVIDENCE**

341 **CONVEYANCE OF TITLE:** Upon payment of the purchase price, Seller shall convey the Property by warranty deed (trustee's deed if
342 Seller is a trust, personal representative's deed if Seller is an estate or other conveyance as provided herein) free and clear of all liens and
343 encumbrances, except: municipal and zoning ordinances and agreements entered under them, recorded easements for the distribution of utility
344 and municipal services, recorded building and use restrictions and covenants, present uses of the Property in violation of the foregoing disclosed
345 in Seller's disclosure report, and Real Estate Condition Report, if applicable, and in this Offer, general taxes levied in the year of closing and
346 _____

347 _____
348 _____ which constitutes merchantable title for purposes of this transaction. Seller shall complete and execute the documents
349 necessary to record the conveyance at Seller's cost and pay the Wisconsin Real Estate Transfer Fee.

350 **WARNING: Municipal and zoning ordinances, recorded building and use restrictions, covenants and easements may prohibit certain**
351 **improvements or uses and therefore should be reviewed, particularly if Buyer contemplates making improvements to Property or a use**
352 **other than the current use.**

353 **TITLE EVIDENCE:** Seller shall give evidence of title in the form of an owner's policy of title insurance in the amount of the purchase price on a
354 current ALTA form issued by an insurer licensed to write title insurance in Wisconsin. ~~Seller shall pay all costs of providing title evidence to Buyer.~~
355 Buyer shall pay all costs of providing title evidence required by Buyer's lender. *Buyer dm (see Special Provisions)*

356 **GAP ENDORSEMENT:** Seller shall provide a "gap" endorsement or equivalent gap coverage at (Seller's) (Buyer's) ~~STRIKE ONE~~ ("Seller's" if
357 neither stricken) cost to provide coverage for any liens or encumbrances first filed or recorded after the effective date of the title insurance
358 commitment and before the deed is recorded, subject to the title insurance policy exclusions and exceptions, provided the title company will issue
359 the endorsement. If a gap endorsement or equivalent gap coverage is not available, Buyer may give written notice that title is not acceptable for
360 closing (see lines 365-371).

361 **PROVISION OF MERCHANTABLE TITLE:** For purposes of closing, title evidence shall be acceptable if the required title insurance
362 commitment is delivered to Buyer's attorney or Buyer not more than _____ days after acceptance ("15" if left blank), showing title to the
363 Property as of a date no more than 15 days before delivery of such title evidence to be merchantable per lines 341-348, subject only to liens which
364 will be paid out of the proceeds of closing and standard title insurance requirements and exceptions, as appropriate.

365 **TITLE NOT ACCEPTABLE FOR CLOSING:** If title is not acceptable for closing, Buyer shall notify Seller in writing of objections to title within
366 _____ days ("15" if left blank) after delivery of the title commitment to Buyer or Buyer's attorney. In such event, Seller shall have a
367 reasonable time, but not exceeding _____ days ("5" if left blank), from Buyer's delivery of the notice stating title objections, to deliver
368 notice to Buyer stating Seller's election to remove the objections by the time set for closing. In the event that Seller is unable to remove said
369 objections, Buyer may deliver to Seller written notice waiving the objections, and the time for closing shall be extended accordingly. If Buyer does
370 not waive the objections, Buyer shall deliver written notice of termination and this Offer shall be null and void. Providing title evidence acceptable
371 for closing does not extinguish Seller's obligations to give merchantable title to Buyer.

372 **SPECIAL ASSESSMENTS/OTHER EXPENSES:** Special assessments, if any, levied or for work actually commenced prior to the date of this
373 Offer shall be paid by Seller no later than closing. All other special assessments shall be paid by Buyer.

374 **CAUTION: Consider a special agreement if area assessments, property owners association assessments, special charges for current**
375 **services under Wis. Stat. § 66.0627 or other expenses are contemplated. "Other expenses" are one-time charges or ongoing use fees**
376 **for public improvements (other than those resulting in special assessments) relating to curb, gutter, street, sidewalk, municipal water,**
377 **sanitary and storm water and storm sewer (including all sewer mains and hook-up/connection and interceptor charges), parks, street**
378 **lighting and street trees, and impact fees for other public facilities, as defined in Wis. Stat. § 66.0617(1)(f).**

379 **ENVIRONMENTAL EVALUATION CONTINGENCY:** This Offer is contingent upon a qualified independent environmental consultant of
380 Buyer's choice conducting an Environmental Site Assessment of the Property (see lines 288-302), at (Buyer's) (Seller's) expense ~~STRIKE ONE~~
381 ("Buyer's" if neither is stricken), which discloses no Defects. For the purpose of this contingency, a Defect (see lines 223-225) is defined to also
382 include a material violation of environmental laws, a material contingent liability affecting the Property arising under any environmental laws, the
383 presence of an underground storage tank(s) or material levels of hazardous substances either on the Property or presenting a significant risk of
384 contaminating the Property due to future migration from other properties. Defects do not include conditions the nature and extent of which Buyer
385 had actual knowledge or written notice before signing the Offer.

386 **CONTINGENCY SATISFACTION:** This contingency shall be deemed satisfied unless Buyer, within _____ days of acceptance,
387 delivers to Seller a copy of the Environmental Site Assessment report and a written notice listing the Defect(s) identified in the Environmental Site
388 Assessment report to which Buyer objects (Notice of Defects).

389 **CAUTION: A proposed amendment is not a Notice of Defects and will not satisfy this notice requirement.**

390 **RIGHT TO CURE:** Seller (shall) (shall not) ~~STRIKE ONE~~ ("shall" if neither is stricken) have a right to cure the Defects. If Seller has the right to
391 cure, Seller may satisfy this contingency by: (1) delivering written notice to Buyer within 10 days of Buyer's delivery of the Notice of Defects stating
392 Seller's election to cure Defects, (2) curing the Defects in a good and workmanlike manner and (3) delivering to Buyer a written report detailing the
393 work done within 3 days prior to closing. This Offer shall be null and void if Buyer makes timely delivery of the Notice of Defects and written
394 Environmental Site Assessment report and: (1) Seller does not have a right to cure or (2) Seller has a right to cure but: (a) Seller delivers written
395 notice that Seller will not cure or (b) Seller does not timely deliver the written notice of election to cure.

396 **DEFAULT** Seller and Buyer each have the legal duty to use good faith and due diligence in completing the terms and conditions of this Offer. A
397 material failure to perform any obligation under this Offer is a default which may subject the defaulting party to liability for damages or other legal
398 remedies.

399 If **Buyer defaults**, Seller may:

- 400 (1) sue for specific performance and request the earnest money as partial payment of the purchase price; or
401 (2) terminate the Offer and have the option to: (a) request the earnest money as liquidated damages; or (b) sue for actual damages.

402 If **Seller defaults**, Buyer may:

- 403 (1) sue for specific performance; or
404 (2) terminate the Offer and request the return of the earnest money, sue for actual damages, or both.

405 In addition, the Parties may seek any other remedies available in law or equity.

406 The Parties understand that the availability of any judicial remedy will depend upon the circumstances of the situation and the discretion of the
407 courts. If either Party defaults, the Parties may renegotiate the Offer or seek nonjudicial dispute resolution instead of the remedies outlined above.
408 By agreeing to binding arbitration, the Parties may lose the right to litigate in a court of law those disputes covered by the arbitration agreement.

409 **NOTE: IF ACCEPTED, THIS OFFER CAN CREATE A LEGALLY ENFORCEABLE CONTRACT. BOTH PARTIES SHOULD READ THIS**
410 **DOCUMENT CAREFULLY. BROKERS MAY PROVIDE A GENERAL EXPLANATION OF THE PROVISIONS OF THE OFFER BUT ARE**
411 **PROHIBITED BY LAW FROM GIVING ADVICE OR OPINIONS CONCERNING YOUR LEGAL RIGHTS UNDER THIS OFFER OR HOW TITLE**
412 **SHOULD BE TAKEN AT CLOSING. AN ATTORNEY SHOULD BE CONSULTED IF LEGAL ADVICE IS NEEDED.**

413 **ENTIRE CONTRACT** This Offer, including any amendments to it, contains the entire agreement of the Buyer and Seller regarding the
414 transaction. All prior negotiations and discussions have been merged into this Offer. This agreement binds and inures to the benefit of the Parties
415 to this Offer and their successors in interest.

416 **PROPERTY DIMENSIONS AND SURVEYS** Buyer acknowledges that any land, building or room dimensions, or total acreage or building square
417 footage figures, provided to Buyer by Seller or by a broker, may be approximate because of rounding, formulas used or other reasons, unless
418 verified by survey or other means.

419 **CAUTION: Buyer should verify total square footage or acreage figures and land, building or room dimensions, if material to Buyer's**
420 **decision to purchase.**

421 **BUYER'S PRE-CLOSING WALK-THROUGH** Within 3 days prior to closing, at a reasonable time pre-approved by Seller or Seller's agent, Buyer
422 shall have the right to walk through the Property to determine that there has been no significant change in the condition of the Property, except for
423 ordinary wear and tear and changes approved by Buyer, and that any Defects Seller has agreed to cure have been repaired in the manner agreed
424 to by the Parties.

425 **PROPERTY DAMAGE BETWEEN ACCEPTANCE AND CLOSING** Seller shall maintain the Property until the earlier of closing or occupancy of
426 Buyer in materially the same condition as of the date of acceptance of this Offer, except for ordinary wear and tear. If, prior to closing, the Property
427 is damaged in an amount of not more than five percent (5%) of the selling price, Seller shall be obligated to repair the Property and restore it to
428 the same condition that it was on the day of this Offer. No later than closing, Seller shall provide Buyer with lien waivers for all lienable repairs and
429 restoration. If the damage shall exceed such sum, Seller shall promptly notify Buyer in writing of the damage and this Offer may be canceled at
430 option of Buyer. Should Buyer elect to carry out this Offer despite such damage, Buyer shall be entitled to the insurance proceeds, if any, relating
431 to the damage to the Property, plus a credit towards the purchase price equal to the amount of Seller's deductible on such policy, if any. However,
432 if this sale is financed by a land contract or a mortgage to Seller, any insurance proceeds shall be held in trust for the sole purpose of restoring the
433 Property.

434 **NOTICE ABOUT SEX OFFENDER REGISTRY** You may obtain information about the sex offender registry and persons registered with the
435 registry by contacting the Wisconsin Department of Corrections on the Internet at <http://www.widocoffenders.org> or by telephone at
436 (608) 240-5830.

437 **INSPECTIONS AND TESTING** Buyer may only conduct inspections or tests if specific contingencies are included as a part of this Offer. An
438 "inspection" is defined as an observation of the Property which does not include an appraisal or testing of the Property, other than testing for
439 leaking carbon monoxide, or testing for leaking LP gas or natural gas used as a fuel source, which are hereby authorized. A "test" is defined as
440 the taking of samples of materials such as soils, water, air or building materials from the Property and the laboratory or other analysis of these
441 materials. Seller agrees to allow Buyer's inspectors, testers, appraisers and qualified third parties reasonable access to the Property upon
442 advance notice, if necessary to satisfy the contingencies in this Offer. Buyer and licensees may be present at all inspections and testing. Except
443 as otherwise provided, Seller's authorization for inspections does not authorize Buyer to conduct testing of the Property.

444 **NOTE: Any contingency authorizing testing should specify the areas of the Property to be tested, the purpose of the test, (e.g., to**
445 **determine if environmental contamination is present), any limitations on Buyer's testing and any other material terms of the**
446 **contingency.**

447 Buyer agrees to promptly restore the Property to its original condition after Buyer's inspections and testing are completed unless otherwise agreed
448 to with Seller. Buyer agrees to promptly provide copies of all inspection and testing reports to Seller. Seller acknowledges that certain inspections
449 or tests may detect environmental pollution which may be required to be reported to the Wisconsin Department of Natural Resources.

450 **INSPECTION CONTINGENCY:** This contingency only authorizes inspections, not testing (see lines 437-449). This Offer is contingent upon
451 a qualified independent inspector(s) conducting an inspection(s) of the Property which discloses no Defects. This Offer is further contingent upon
452 a qualified independent inspector or qualified independent third party performing an inspection of _____

453 _____ (list any Property feature(s) to be separately inspected, e.g., dumpsite, etc.) which
454 discloses no Defects. Buyer shall order the inspection (s) and be responsible for all costs of inspection(s). Buyer may have follow-up inspections
455 recommended in a written report resulting from an authorized inspection performed provided they occur prior to the deadline specified at line 461.
456 Each inspection shall be performed by a qualified independent inspector or qualified independent third party.

457 **CAUTION: Buyer should provide sufficient time for the primary inspection and/or any specialized inspection(s), as well as any follow-up
458 inspection(s).**

459 For the purpose of this contingency, Defects (see lines 223-225) do not include conditions the nature and extent of which Buyer had actual
460 knowledge or written notice before signing the Offer.

461 **CONTINGENCY SATISFACTION:** This contingency shall be deemed satisfied unless Buyer, within _____ days of acceptance,
462 delivers to Seller a copy of the inspection report(s) and a written notice listing the Defect(s) identified in the inspection report(s) to which Buyer
463 objects (Notice of Defects).

464 **CAUTION: A proposed amendment is not a Notice of Defects and will not satisfy this notice requirement.**

465 **RIGHT TO CURE:** Seller (shall)(shall not) ~~STRIKE ONE~~ ("shall" if neither is stricken) have a right to cure the Defects. If Seller has the right to
466 cure, Seller may satisfy this contingency by: (1) delivering written notice to Buyer within 10 days of Buyer's delivery of the Notice of Defects stating
467 Seller's election to cure Defects, (2) curing the Defects in a good and workmanlike manner and (3) delivering to Buyer a written report detailing the
468 work done within 3 days prior to closing. This Offer shall be null and void if Buyer makes timely delivery of the Notice of Defects and written
469 inspection report(s) and: (1) Seller does not have a right to cure or (2) Seller has a right to cure but: (a) Seller delivers written notice that Seller will
470 not cure or (b) Seller does not timely deliver the written notice of election to cure.

471 **CLOSING OF BUYER'S PROPERTY CONTINGENCY:** This Offer is contingent upon the closing of the sale of Buyer's property located at
472 _____, no later than _____. If Seller accepts a bona fide secondary offer,
473 Seller may give written notice to Buyer of acceptance. If Buyer does not deliver to Seller a written waiver of the Closing of Buyer's Property
474 Contingency and _____

475 _____
476 **[INSERT OTHER REQUIREMENTS, IF ANY (e.g., PAYMENT OF ADDITIONAL EARNEST MONEY, WAIVER OF ALL CONTINGENCIES, OR
477 PROVIDING EVIDENCE OF SALE OR BRIDGE LOAN, etc.)]** within _____ hours of Buyer's Actual Receipt of said notice, this Offer shall be
478 null and void.

479 **ADDENDA:** The attached _____ is/are made part of this Offer.

480 This Offer was drafted by [Licensee and Firm] _____

481 _____ on _____

482 Buyer Entity Name (if any): Inspired Real Estate Developers, LLC

483 (x) Donna Ellyers, Donna Myers, member 12-8-17
484 Buyer's/Authorized Signature ▲ Print Name/Title Here ► Date ▲

485 (x) _____
486 Buyer's/Authorized Signature ▲ Print Name/Title Here ► Date ▲

487 **EARNEST MONEY RECEIPT** Broker acknowledges receipt of earnest money as per line 10 of the above Offer.

488 _____ Broker (By) _____

489 **SELLER ACCEPTS THIS OFFER. THE WARRANTIES, REPRESENTATIONS AND COVENANTS MADE IN THIS OFFER SURVIVE CLOSING
490 AND THE CONVEYANCE OF THE PROPERTY. SELLER AGREES TO CONVEY THE PROPERTY ON THE TERMS AND CONDITIONS AS
491 SET FORTH HEREIN AND ACKNOWLEDGES RECEIPT OF A COPY OF THIS OFFER.**

492 Seller Entity Name (if any): _____

493 (x) _____
494 Seller's/Authorized Signature ▲ Print Name/Title Here ► Date ▲

495 (x) _____
496 Seller's/Authorized Signature ▲ Print Name/Title Here ► Date ▲

497 This Offer was presented to Seller by [Licensee and Firm] _____

498 _____ on _____ at _____ a.m./p.m.

499 This Offer is rejected _____ This Offer is countered [See attached counter] _____
500 Seller Initials ▲ Date ▲ Seller Initials ▲ Date ▲

Proposal Prepared for
Racine Unified School District

Former Olympia Brown Site Development
5915 Erie Street
Caledonia, WI 53402



735 N. Water Street, Suite 712
Milwaukee, WI 53202

be secured and offer concierge service daily by staff and full-time, on-site management.

The timeframe for completion of Phase I is 12-18 months from beginning of work which will be immediately upon the receipt of conditional permitting by the appropriate bodies, Village of Caledonia, Racine County and the State of Wisconsin.

Phase II:

- After the majority of the renovation of the current structures is complete, Phase II will feature side-by-side, row type, two and/or three story townhomes located along the lake bluff. These will be sold as single family homes under the direction of a homeowners association.

A 12 month building period is anticipated for these.

Inspired Real Estate Development is currently under contract to purchase the property located immediately North of the Olympia Brown site, 5945 Erie Street. We have proposed to the Village of Caledonia to repurpose the 2 building on this site into luxury one and two bedroom apartments.

Phase III: (Optional)

- Phase III is dependent on our ability to redevelopment the property at 5945 Erie in conjunction with the Olympia Brown Site. In this instance, the property across the street to the West, currently used as parking for that building would be developed into lots for 6-8 single family residences.

We have yet to decide if we will building these homes or sell the lots for custom building, therefore, a completion timeframe cannot be determined at this time.

The complete timeframe for the total completion of the redevelopment site is 3 years.

About Us

Inspired Real Estate Development deals primarily in residential real estate projects of all types: apartments, townhomes, condominiums and single family, either through new construction or repurposing of existing structures. Our preferred design aesthetic is modern, high-end residences located within existing significant structures, paying homage to the original use of the building..

Understanding and Agreement

Inspired Real Estate Development is fully aware and accepts the deed restriction that the property cannot be developed for school purposes and agrees that our site planning must include the continued use of the site utilities by the Dominican Sisters property located to the southeast of the project property. With no plans to relocate or close the roadways which currently exist on the property, we will grant un-restricted access to the Dominican Sisters through the drive currently used for that purpose.

Overview of Proposed Project

After a review of the proposed site, It is our intent to develop the existing structures in the following manner:

Phase I:

- The current school building and adjoining gymnasium will be redeveloped to include a small area of retail space in the existing cafeteria area to be restricted to use by a coffee shop or small restaurant to serve the surrounding residential neighborhood. The retail space development will be done only in compliance with the Village of Caledonia.
- The primary development of the remaining square footage will be either luxury apartments, condominiums or a combination of both. We have a primary interest into developing these into larger, long-term income producing apartments, but we will take our ultimate direction from the Village of Caledonia. In either instance, the units will be finished with hardwood floors, granite and/or marble countertops, stainless steel appliances, walk-in closets, upgraded baths and showers, and decks or terraces. Amenities will include park-like areas, basketball court, volleyball court, workout room and community room. Entrance to the building will

Representation of Interiors



Offer

Our proposal for the redevelopment of the Olympia site places no contingencies on the acceptance of the proposal by the District. Inspired understands that, if our proposal is accepted, we will assume the maintenance, responsibility and liability at the time of transfer of the property.

Inspired Real Estate Development is offering \$900,000 for the project site known as the former Olympia Brown Site, including the existing buildings on two parcels of land containing 17.79 acres known as 5919 Erie Street and 2.23 acres known as 5915 Erie Street. We will accept the responsibility of all closing costs and the cost of any title insurance if the District allows Inspired Real Estate Development to choose the title company. The District will only be responsible for the proration of any 2017 taxes from January 1, 2018 to the day of closing (considering taxes are paid in arrears) and Wisconsin State Transfer tax, if any, since we believe that the District may be an exempt entity.

Inspired Real Estate Development understands that the acceptance of this proposal by the District requires a closing date within 45 days of the date of acceptance.

A.00 Attachements

A.01 RESPONDENT INFORMATION & CERTIFICATION

COMPANY Inspired Real Estate Development

Representative Dona Myers

E-mail address dona@summitLDS.com

Address 735 W. Water St.

Suite 712

Milwaukee, WI

Zip +4 53202-4106

Local Phone 414-257-3890 ext 101

Toll Free Phone _____

Payment Address _____

Date of Quotation _____

Quotation reference number, if required _____

I have read the specifications and I understand the content and my firm's obligations with regard to providing the specified services and products. I hereby submit the attached bid. The prices being submitted shall be binding on our firm until 45 days from the date bids are due, or until I am notified that I am not a successful RESPONDENT, whichever comes first. If my firm is awarded a contract as a result of the quoted prices, or subsequently negotiated prices, I guarantee that the prices shall be the maximum amount that my firm may charge for the products identified.

I certify that I have the authority to sign this bid and bind my firm to the prices specified and the obligations associated with the award of all or any part of the items so specified.

I acknowledge receipt of N/A supplements.

I acknowledge receipt of N/A addendum.

We will accept payment in the form of a purchasing card. Yes N/A No N/A

Date: 12-1-17 Signed: Dona Myers

Title: partner

**A.02 NONDISCRIMINATION AFFIDAVIT
NONDISCRIMINATION AFFIDAVIT**

Dona Myers, Partner Deposposes
Name and Title

Says that Inspired Real Estate Development
(Name of Company or Other Form of Business)

advertises for prospective employees in compliance with federal and Wisconsin civil rights and equal opportunity employment laws (42 USC 2000 et seq and Subchapter II of Chapter 111, Wisconsin Statutes); posts notices to advertise its status as an equal opportunity employer; advises employees of the right to contact EEOC or OFCCP with discrimination complaints; and ensures that its employees are free from employment discrimination based on age, race, creed, color, disability, marital status, sex, conviction record, membership in the national guard or state defense force (or any other reserve component of the military forces of the United States or this state); or use or nonuse of lawful products off the employer's premises during non-work hours.

That the above-mentioned company complies with Executive Order 11246 entitled "Equal Employment Opportunity" as amended by Executive Order 11375 and as supplemented in Department of Labor Regulations (41 CFR).

That the above statement is accurate under penalty of perjury.

Dana Ulynn
Signature of Affiant

State of Wisconsin

County of Milwaukee

Subscribed and sworn to before me on

This 1st day of Dec., 2017

[Signature]
Notary Public



My commission expires August 3, 2021

**A.03 NONDISCRIMINATION AFFIDAVIT
NONCOLLUSION AFFIDAVIT**

Dona Myers, Partner,-----Deposes
Name and Title

Says that Inspired Real Estate Development
(Name of Company or Other Form of Business)

Has not, either directly or indirectly, entered into any agreement or participated in any collusion or otherwise taken any action in restraint of free competition in connection with this bid leading to the foregoing contract or in connection with the contract.

That the bid leading to this contract has been independently arrived at without collusion with any other competitor or potential competitor.

That the bid leading to this contract has not been knowingly disclosed prior to the opening of this bid to any other competitor.

That no attempt has been made to induce any other person or firm to submit or not to submit a bid which may have led to this contract.

That the above statement is accurate under penalty or perjury.

Dona Myers
Signed

Subscribed and sworn to before me on

This 1st day of Dec., 20 17

Katherine Scofield
Notary Public



My commission expires August 3, 2021

Racine Unified School District

Request for proposal

Project Name: Former Olympia Brown Site Development
5915 Erie Street Caledonia, WI 53402

We Inspired Real Estate Development

(Respondent)

Located 735 N. Water St., Suite 712

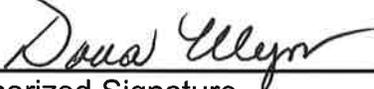
Milwaukee, WI 53202
(Address)

Dona Myers
(Contact)

dona@summitLDS.com
(Email)

414-257-3890 ext 101
(Phone)

414-257-3905
(Fax)


Authorized Signature

No Bid Form

Written proposal covering all aspects of Section 2.0 should be provided.

**RACINE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

**December 18, 2017
Buildings and Grounds**

- AGENDA ITEM:** Performance Contract Phase IV – Trane U.S., Inc. (Mitchell Elementary and Middle School)
- PRESENTING:** Bryan Arnold, Director of Buildings and Grounds
- DESCRIPTION:** Performance contract agreement for the energy conservation improvements at **Mitchell Elementary and Middle School**. Solicitations were taken for RFP #18-033; three proposals were submitted.
- Trane U.S., Inc. submitted a proposal of \$8,759,478. This proposal offers the best overall benefit to the District meeting the specification.
- FISCAL NOTE:** The cost for project development agreement will be paid through bond proceeds through use of the revenue limit exemption law.
- RECOMMENDATION:** Approve the proposed Phase IV performance contract agreement with Trane U.S., Inc. for the energy conservation improvements at Mitchell Elementary and Middle School for a total of \$8,759,478.
- ACTION TAKEN:**

**RACINE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

**December 18, 2017
Buildings and Grounds**

- AGENDA ITEM:** Performance Contract Phase IV – Trane U.S., Inc. (Fratt Elementary School)
- PRESENTING:** Bryan Arnold, Director of Buildings and Grounds
- DESCRIPTION:** Performance contract agreement for the energy conservation improvements at **Fratt Elementary School**. Solicitations were taken for RFP #18-033; three proposals were submitted.
- Trane U.S., Inc. submitted a proposal of \$3,949,705. This proposal offers the best overall benefit to the District meeting the specification.
- FISCAL NOTE:** The cost for project development agreement will be paid through bond proceeds through use of the revenue limit exemption law.
- RECOMMENDATION:** Approve the proposed Phase IV performance contract agreement with Trane U.S., Inc. for the energy conservation improvements at Fratt Elementary School for a total of \$3,949,705.
- ACTION TAKEN:**



**Racine Unified School District
Trane Contract No. 57692**

AMENDMENT NO. 3 TO PACT™ AGREEMENT

This Amendment No. 3 is made and entered into as of December 18, 2017 to amend the PACT Agreement (hereinafter the "Agreement"), dated as of September 26, 2016, by and between Trane U.S. Inc. (hereinafter "Trane") and Racine Unified School District (hereinafter "Customer").

In consideration of the agreements of the parties herein contained, and other and further consideration, the receipt and sufficiency of which the parties do hereby acknowledge Trane and Customer do hereby agree as follows:

1. In consideration for Trane's performance of the portion of Phase 4 Services outlined in Exhibit B.3 herein, Customer shall compensate Trane in the amount of \$12,709,183.00 for a total amended Contract Price of \$41,905,435.00. The breakdown is as follows:

Original Contract Price (September 24, 2012)	\$15,766,918.00
Amendment No. 1 Contract Price (March 17, 2014)	+\$ 4,492,000.00
Amendment No. 2 Contract Price (September 26, 2016)	+\$ 8,937,334.00
Amendment No. 3 Contract Price (December 18, 2017)	+\$12,709,183.00
<hr/> Total Amended Contract Price	<hr/> \$41,905,435.00

2. **Section 1.02. Contract Price is amended to read "Forty-One Million Nine Hundred Five Thousand Four Hundred Thirty-Five and 00/100ths Dollars"**
3. Section 1.04 shall be amended to extend the "Financing Closing" date to December 31, 2017.
4. Section 1.04 is hereby amended to read: "Within five (5) calendar days of the Financing Closing, Customer shall execute and issue a written Notice to Proceed (substantially in the form of Exhibit D.3 hereto) to Trane, upon which event Trane will commence performance of the Services hereunder."
5. Section 1.07 "Energy and Operational Savings Guarantee" shall be amended and supplemented in Exhibit E.2.3.
6. Section 1.08 "Term" shall be amended and defined as set forth in Exhibit E-3
7. Section 2.01(e) with respect to M&V Services shall be amended as set forth in Exhibit E-3 and Exhibit I.3.
8. Section 2.02 "Substantial Completion" shall be amended as set forth in Exhibit B.1.3.
9. Section 2.03 "Final Completion" shall be amended as set forth in Exhibit B.2.3.
10. Section 2.13 "M&V Services shall be amended as set forth in Exhibit E-3 and Exhibit I.3.
11. The Scope of Services outlined in Exhibit B is hereby amended and supplemented by the addition of the Services set forth in the attached Exhibit B.3. Exhibit B.3 is in addition to Exhibit B of the Agreement.



12. Exhibit B.3 "Certificate of Substantial Completion" is amended and updated as the attached Exhibit B.1.3
13. Exhibit B.3 "Certificate of Final Completion" is amended and updated as the attached Exhibit B.2.3.
14. The "Description of Premises" set forth in Exhibit C is hereby amended as the attached Exhibit C.3. Exhibit C.3 supplements Exhibit C of the Agreement.
15. The "Notice to Proceed" provided under Exhibit D amended as the attached Exhibit D.3 of the Agreement.
16. *Sub-exhibits E.5 through E.10 are added to the Agreement.*
17. Exhibit F "Certification Regarding Asbestos-Containing Materials" is amended as the attached Exhibit F.3
18. Exhibit G "Customer's Policies and Procedures" is amended as the attached Exhibit G.3.
19. The "Measurement and Verification Services outlined in Exhibit I is hereby amended by the addition of Services set forth in the attached Exhibit I.3. Exhibit I.3 supplements and is in addition to Exhibit I of the Agreement.
19. This Amendment may be executed in several counterparts, each of which when executed shall be deemed to be an original, but all together shall constitute but one and the same Amendment. A facsimile or scanned copy of such counterparts or hereof shall suffice as an original.
20. Except as provided herein, no other provisions of the Agreement are amended.

IN WITNESS WHEREOF, the duly authorized representatives of the parties have each executed this Amendment No. 3, effective as of the date first above written.

Trane U.S. Inc.

By: _____
Mitchell Farrell

Its: District General Manager

Date: December 18, 2017

By: _____
Dr. Lolli Haws

Its: Superintendent of Schools

Date: December 18, 2017

**RACINE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

**December 18, 2017
Buildings and Grounds**

- AGENDA ITEM:** Performance Contract Phase IV – Johnson Controls, Inc.
- PRESENTING:** Bryan Arnold, Director of Buildings and Grounds
- DESCRIPTION:** Performance contract agreement for energy conservation improvements at the **Community Pathways Campus**. Solicitations were taken for RFP #18-033; three proposals were submitted.
- Johnson Controls, Inc. submitted a proposal of \$2,060,294. This proposal offers the best overall benefit to the District meeting the specification.
- FISCAL NOTE:** The cost for project development agreement will be paid through bond proceeds through use of the revenue limit exemption law.
- RECOMMENDATION:** Approve the proposed Phase IV performance contract agreement with Johnson Controls, Inc. for the energy conservation improvements at Community Pathways Campus for a total of \$2,060,294.
- ACTION TAKEN:**

CHANGE ORDER 3

Performance Contract dated December 1, 2017 between Johnson Controls, Inc. and Customer	Change Order No.	2	Date (mo/day/yr) December/01/2014
Customer Racine Unified School District			
The above referenced Performance Contract is hereby modified to the extent described below in accordance with the Terms and Conditions of the CHANGE ORDERS section thereof.			
Scope of Work changed as follows:			
The Scope of work changes are outlined in the attached Schedule 1a.			
Current Contract Price		\$23,350,736	
Total amount of this Change Order		\$2,068,271	
.....			
Total Performance Contract amount as revised by this Change Order		\$25,419,007	
.....			
The time for completion is: <input checked="" type="checkbox"/> increased, <input type="checkbox"/> decreased, <input type="checkbox"/> unchanged.		(mo, day, yr)	
The new completion date resulting from this Change Order is:		December 1, 2018	
Assured Performance Guarantee changed as follows:			
The Assured Performance Guarantee changes are outlined in the attached Schedule 2a.			
Price and Payment Terms changed as follows:			
The Price and Payment terms for this Change Order are outlined in the attached Schedule 4a.			
Unless specifically changed by this Change Order, all terms, conditions and provisions of the above referenced Performance Contract remain unchanged and in full effect.			
JOHNSON CONTROLS, INC.		CUSTOMER	
Signature:		Signature:	
Printed Name:		Printed Name:	
Title:		Title:	

Schedule 1a - SCOPE OF WORK

ECM 3: Provide and install a new high-efficiency condensing boiler(s) system and a hot water piping interconnect to serve the entire building hot water heating loop.

Demolition and Removal Work

Mechanical

- Disconnect, remove and properly dispose of five (5) total hot water boilers that serve three (3) separate hot water systems.
- Disconnect, remove and properly dispose of existing hot water circulating pump(s) for all three boiler room locations.
- Disconnect, remove and properly dispose of hot water piping to nearest isolation valves or as hot water required for new installation.
- Disconnect, remove and properly dispose of natural gas piping to nearest isolation valves or as required for new installation.
- Disconnect, remove and properly dispose of gas flue breaching as required.
- Disconnect, remove and dispose of other materials or debris related to this project as required.

Controls

- Disconnect and secure existing boiler controls, sequencing controls and associated building management system connections associated with the three (3) separate heating systems.

Electrical

- Disconnect and secure three (3) electrical separate heating system hot water pumping systems that serve the building.
- Disconnect and secure electrical connections for three (3) separate boiler systems that serve the building.

New Installation Work

Mechanical

- Provide and install (3) three high efficiency condensing hot water boilers, air separator control, make up water feed, modify house keeping heating pads as required, and new boiler venting. The existing chimney will be re-used and sleeved as required for new boiler venting.
- Provide and install OEM boiler sequencing controller and Metasys network interface.
- Provide and install new boiler circulators and configure for variable flow. Circulators will be re-sized for variable flow and centralized pumping.
- Fill the new hot water system, remove air from the system, new expansion tank, pressurize the new system, provide chemical treatment.
- Provide and install startup and balance the entire system.
- Provide side stream filter for post system clean up.
- Provide and install training to the maintenance staff.

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

Controls

- Provide and install Bacnet connection to new boiler sequencing panel.
- Provide and install HW boilers with enable, control setpoints, boiler status and alarm points
- Provide and install outside air temperature sensor
- Provide and install Well insertion temperature sensors for supply and return water
- Provide and install primary circulating pumps, VFDs and controls.
- Provide and install a new JCI FEC control panel enclosure, and Wire new BacNet MS/TP bus from the new NAE network controller Bus.

Hot Water Piping Interconnect for High-Efficiency Boiler Plant

- Provide and install new hot water supply and return interconnect piping loop between each boiler room. All piping to be thermally insulated and isolated at each mechanical room.
- Provide and install secondary boiler circulators configured as variable flow, for centralized building pumping.

ECM-9 (Alt-JCI replacing RUSD ECM 04,05,06) Replace existing rooftops and AHU modular fan systems add DX cooling (direct expansion) and digital VAV boxes
*Demolition and Removal Work*Mechanical

Demolish two (2) AHU units and associated water cooled chiller and air cooled condensing units.

- Demolish the (2) two existing air handlings units and associated water cooled chiller and air cooled condensing unit. Demolition will be performed to the extent required for the new mechanical install.
- Safely disconnect equipment from existing ducting, condensate drain piping, and hot water piping.
- Recover and dispose of refrigerant according to state and local codes.
- Temporarily seal or cap all disconnected utilities.
- AHU Units to be demolished.
 - AHU-1 Modular 9,000 CFM tied to DX split remote condenser, basement and first floor of middle section.
 - AHU-2 Modular 24,000 CFM fan tied to the 60 ton Trane open reciprocating compressor that's broken with water tower. Second floor of middle section of building.

Demolish (6) six existing RTU's.

- Demolish the six (6) existing rooftop units. Demolition will be performed to the extent required for the new mechanical install.
- RTU-1: 20 tons heating and cooling, gas heat does not appear to be connected, zoned north.
- RTU-2: 50 tons cooling only, zoned southeast corner.
- RTU-3: 3.5 tons split condenser unit and internal fan coil. RTU-3 is a Computer Room AC unit which is currently not operational, location is SE section of 2nd floor.
- RTU-4: 20 tons cooling only SE section of 1st floor.
- RTU-5: 30 tons cooling only, bridge between clinic and turning point academy.

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

Schedule 1a

- RTU-6: 30 tons cooling further southwest in turning point academy, second floor above gym, area was not remodeled.

Demolish existing VAV and constant volume boxes.

- Safely disconnect equipment from existing duct work, condensate drain piping, as well as natural gas or hot water piping that's applicable.
- Recover and dispose of refrigerant according to state and local codes.
- Temporarily seal or cap all disconnected utilities.

Electrical

- Safely disconnect existing connections.
- Remove existing electrical disconnect.
- Properly disconnect and isolate smoke alarms and other life safety devices connected to the unit.

Controls

- Removed controls associated with the existing (6) six package rooftops and (2) two modular AHU's.
- Remove existing building automation system (BAS) connections with associated systems.

New Installation Work

Mechanical

Provide and install two (2) interior air handling units and split system condensers.

- AHU-1 9,000 CFM AHU
- AHU-2 24,000 CFM AHU
- Install new air handling units in the existing locations with new hot water and DX cooling coils. Systems will be variable air volume and subsequent hot water VAV boxes will be replaced with new.
- Install (2) new remote air cooled condensing units and associated refrigerant piping. Units to be located on grade adjacent to the mechanical room and will be located on pre-existing concrete pads or new concrete pads.
- Insulate all newly installed duct, pipes and any duct or pipe where insulation was removed as a matter of course or during any abatement of hazardous material during scope of work.
- Rebalance all HVAC air and water devices in the building.
- Include all required cranes and rigging, including traffic control and coordination.
- Obtain all licenses, permits and required inspections.
- Startup and testing will be performed and a report will be provided and installed.
- Submit Operations and Maintenance (O&M) documentation

Provide and install (6) six new Package Rooftops units

- The (6) existing rooftop units will be replaced with gas fired, DX cooling, variable air volume units. JCI will provide all necessary equipment, curb adaptors, rails, roofing, and line voltage scope.

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

Schedule 1a

- Furnish all labor to replace (107) VAV terminal boxes with new. Existing valves, piping, and ductwork will be re-used.
- Provide and install:
 - RTU-1: 20 tons heating and cooling.
 - RTU-2: 50 tons cooling
 - RTU-3: 3 Computer room AC unit and split condenser (inside fan system Liebert)
 - RTU-4: 20 tons cooling
 - RTU-5: 30 tons cooling
 - RTU-6: 30 tons cooling
- Installation to be performed in accordance with mechanical, electrical, fire, local, state and national installation and operational codes.
- Assemble and install curb adapters as required. All work will be performed in a neat and workmanlike manner.
- Reconnect equipment to existing ducting, installing transition ductwork as required. All new ductwork to be insulated.
- Reconnect equipment to existing condensate drain piping.
- Reconnect equipment to existing distribution piping as required.
- New gas piping will be installed from a new regulator and tied into the new unit gas train if the unit is so equipped.
- Flashing and all roof work to be performed by the roofing bond holder.
- Properly reinstall insulation.
- RTU will be equipped with sequencing control connected to the BAS.
- Include all required cranes and rigging, including traffic control and coordination.
- Obtain all licenses, permits and required inspections.
- Startup and testing will be performed and a report will be Provide and installd.
- Submit Operations and Maintenance (O&M) documentation

Electrical

- Reconnect equipment to existing electrical power wiring, reusing equipment starter. Provide and install labor, conduit, fittings, gauges, insulation, etc.
- Furnish and install new electrical disconnect or combination unit with VSD as applicable.
- Install new electrical disconnect adjacent to replacement Remote COndenser per state and local code requirements.

Controls

- Provide and install 43 (zones) new VAV controllers and boxes AHU-1 and 2
- Provide and install 77 (zones) new VAV controllers and boxes for RTU-1, 2, 3, 4 ,5 ,6.
- Provide new low voltage DDC control wiring labor and material for building upgrades, 2017 rooftop units and the associated remodel work.
- Existing control valves will be replaced by JCI.
- Mount BACnet controllers on VAV boxes and wire back to new associated thermostats.
- Provide new two-way control valves for new reheat coils.
 - Provide new temperature sensors and a two-way reheat valve for each existing reheat coil and wire to their respective VAV box.
 - Provide programing and owner training for all new devices.

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

- Provide wiring and control of two (2) new variable frequency drives. Provide one (1) new differential pressure sensor along with wiring to control supply fan motor.
- Provide wiring and control of two (2) existing variable frequency drives with two (2) new differential pressure sensors.

ECM-7: DDC Control System

New Installation Work
Controls

Provide DDC hardware for integration of BACnet DDC components installed in 2017 addition

- (2) RTUS provided with BACnet interface
- (1) FCU with split DX
- (2) Energy Recovery Ventilators (start/stop/status)
- (23) VAV boxes with hot water reheat
- (4) Fan Powered VAV boxes with hot water reheat
- (2) CUH
- (1) RCP
- Integrate all new installed controls and the 2017 addition into the existing Metasys Network and ADX Server

ECM-8: NW Ave- Condensing Water Heater (5 listed)

Replace (5) tank type domestic water heaters with new, tank type, sealed combustion units with necessary gas piping, venting, etc.

ECM-10 Additional Installation Work to be Completed:

- Provide boiler water side-stream filtering to new hot water boiler plant
- Provide air side and water side balancing of existing system
- Provide existing ductwork leakage testing and repair.
- Replace existing hot water heating piping up to \$200,000 per customer discretion

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

Not included in the scope of work above:

- Temporary heating/cooling/ventilation
- Work is assumed to be executed at an uninterrupted sequence from time of contract award on November 21, 2017 through April 15, 2018. Work required outside of Monday through Friday, 6am through 4pm or due to compression of the schedule or changes in scope is considered premium time and will be quoted in addition to above quoted costs.
- Cabinetry, furniture or other fixtures conflicting with mechanical installation (unit ventilators, etc.) may need relocated and provisions for such are not included in this mechanical scope
- Patching, framing, finishing, and painting of new and existing walls, ceilings, etc.

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

ASSURED PERFORMANCE GUARANTEE

The savings outlined in this Schedule are additional savings for Change Order 1.

Project Benefits Summary. Subject to the terms and conditions of this Agreement, JCI and Customer agree that Customer will be deemed to achieve a total of \$968,489 in Non-Measured Project Benefits and JCI guarantees that Customer will achieve a total of \$741,852 in Measured Project Benefits during the term of this Agreement, for Total Project Benefits of \$1,710,341 as set forth in the Total Project Benefits table below.

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

Total Project Benefits

Year	Utility Cost Avoidance*	Operations & Maintenance Cost Avoidance**	Annual Project Benefits
1	\$27,609	\$36,043	\$63,652
2	\$28,437	\$37,124	\$65,561
3	\$29,290	\$38,238	\$67,528
4	\$30,169	\$39,385	\$69,554
5	\$31,074	\$40,567	\$71,640
6	\$32,006	\$41,784	\$73,790
7	\$32,966	\$43,037	\$76,003
8	\$33,955	\$44,328	\$78,283
9	\$34,974	\$45,658	\$80,632
10	\$36,023	\$47,028	\$83,051
11	\$37,104	\$48,439	\$85,542
12	\$38,217	\$49,892	\$88,109
13	\$39,363	\$51,389	\$90,752
14	\$40,544	\$52,930	\$93,474
15	\$41,760	\$54,518	\$96,279
16	\$43,013	\$56,154	\$99,167
17	\$44,304	\$57,838	\$102,142
18	\$45,633	\$59,574	\$105,206
19	\$47,002	\$61,361	\$108,363
20	\$48,412	\$63,202	\$111,613
Total	\$741,852	\$968,489	\$1,710,341

*Utility Cost Avoidance is a Measured Project Benefit. Utility Cost Avoidance figures in the table above are based on anticipated increases in unit energy costs as set forth in the table in Section IV below.

** Non-Measured Utility Cost Avoidance, Operations & Maintenance Cost Avoidance and Future Capital Cost Avoidance are Non-Measured Project Benefits. Operations & Maintenance Cost Avoidance and Future Capital Cost Avoidance figures in the table above are based on a mutually agreed fixed annual escalation rate of three percent (3%).

Within sixty (60) days of the commencement of the Guarantee Term, JCI will calculate the Measured Project Benefits achieved during the Installation Period plus any Non-Measured Project Benefits applicable to such period and advise Customer of same. Any Project Benefits achieved during the Installation Period may, at JCI's discretion, be allocated to the Annual Project Benefits for the first year of the Guarantee Term. Within sixty (60) days of each anniversary of the commencement of the Guarantee Term, JCI will calculate the Measured Project Benefits achieved for the applicable year plus any Non-Measured Project Benefits applicable to such period and advise Customer of same.

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

Customer acknowledges and agrees that if, for any reason, it (i) cancels or terminates receipt of M&V Services, (ii) fails to pay for M&V Services in accordance with Schedule 4, (iii) fails to fulfill any of its responsibilities necessary to enable JCI to complete the Work and Provide and install the M&V Services, or (iv) otherwise cancels, terminates or materially breaches this Agreement, the Assured Performance Guarantee shall automatically terminate and JCI shall have no liability hereunder.

C. Project Benefits Shortfalls or Surpluses.

- (i) Project Benefits Shortfalls. If an Annual Project Benefits Shortfall occurs for any one year of the Guarantee Term, JCI shall, at its discretion and in any combination, (a) set off the amount of such shortfall against any unpaid balance Customer then owes to JCI, (b) where permitted by applicable law, increase the next year's amount of Annual Project Benefits by the amount of such shortfall, (c) pay to Customer the amount of such shortfall, or (d) subject to Customer's agreement, Provide and install to Customer additional products or services, in the value of such shortfall, at no additional cost to Customer.*
- (ii) Project Benefits Surpluses. If an Annual Project Benefits Surplus occurs for any one year of the Guarantee Term, JCI may, at its discretion and in any combination, (a) apply the amount of such surplus to set off any subsequent Annual Project Benefit Shortfall during the Guarantee Term, or (b) bill Customer for the amount of payments made pursuant to Section C(i)(c) above and/or the value of the products or services Provide and installd pursuant to clause C(i)(d) above, in an amount not to exceed the amount of such surplus.*
- (iii) Additional Improvements. Where an Annual Project Benefits Shortfall has occurred, JCI may, subject to Customer's approval (which approval shall not be unreasonably withheld, conditioned, or delayed), implement additional Improvement Measures, at no cost to Customer, which may generate additional Project Benefits in future years of the Guarantee Term.
- (iv) Premature Equipment Failure Repair, Replacement or Reimbursement. Following the warranty period set forth in Section 7 (Warranty), and subject to Section 16 of the Agreement (Force Majeure), if the Equipment listed below or any component thereof fails prior to the end of the Guarantee Term, Customer shall notify JCI as soon as reasonably practical after discovering such failure, and JCI shall, at its sole discretion, either:
- (a) repair or replace the failed Equipment or component thereof; or
- (b) reimburse Customer for the costs of repairing or replacing the Equipment or the failed component thereof;

Provide and installd, however, that:

- (i) JCI shall in no event be obligated to pay for or reimburse Customer for Equipment repair or replacement in an amount in excess of the costs of such repair or replacement prorated by the number of months the Equipment or component thereof operated out of the number of months in the Guarantee Term;
- (ii) Customer shall be obligated to maintain the Equipment in accordance with all manufacturers' recommendations; and
- (iii) Customer's failure to properly maintain the Equipment shall relieve JCI of this obligation of repair, replacement or reimbursement.

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

Schedule 2a

This repair/replace/reimbursement obligation applies only to the following new equipment installed under this Agreement:

- Three (3) hot-water, condensing boilers
- Six (6) packaged rooftop units (RTUs)
- Two (2) air-handling units (AHUs) with DX, split-system condensing units

*In the event JCI is providing an Assured Performance Guarantee under Schedule 2A, Annual Project Benefits Shortfalls and Annual Project Benefits Surpluses under each such Schedule shall be reconciled against one another.

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

II. NON-MEASURED PROJECT BENEFITS

Non-Measured Operational Savings

Source of Mutually Agreed Upon Project Benefits	First Year Operations & Maintenance Cost Avoidance
ECM-9: ALT: Replace Rooftops, AHU, DX Cooling VAV Boxes	\$26,687
ECM-3: Heating Plant Interconnect	\$9,356
Total Non-Measured Operational Savings	\$36,043

Utility Cost Avoidance

Annual savings were calculated based on best engineering practice and using the following variables which came from equipment nameplates and equipment schedule where bile, utility bill usage, and typical HVAC assumption avail

Operations and Maintenance Cost Avoidance

Calculations were used to estimate the operations and cost avoidance. This is based on material and labor avoidance over the life of the equipment.

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

III. MEASUREMENT AND VERIFICATION METHODOLOGIES

The following is a brief overview of the measurement and verification methodologies applicable to the Improvement Measures set forth below. JCI shall apply these methodologies, as more fully detailed in the guidelines and standards of the International Measurement and Verification Protocol (IPMVP) and/or the Federal Energy Management Program (FEMP), in connection with the provision of M&V Services hereunder.

Option A Partially Measured Retrofit Isolation

Measured Project Benefits are determined by partial field measurement of the energy use of the system(s) to which an Improvement Measure was applied separate from the energy use of the rest of the facility. Measurements will be short-term with only one-time measurements before and after the Installation Period.

Partial measurement means that some but not all parameters will be measured. Careful review of the design and installation of Improvement Measures is intended to demonstrate that the stipulated values fairly represent the probable actual values. Agreed-upon values will be shown in the measurement and verification plan, along with analysis of the significance of the error they may introduce. Engineering calculations using short-term pre and post-retrofit measurements and stipulations are used to calculate Measured Project Benefits for the duration of the Guarantee Term.

Measured Project Benefits from the following Improvement Measures will be calculated using Option A:

Source of Measured Project Benefits	First Year Utility Cost Avoidance
ECM-9: ALT: Replace Rooftops, AHU, DX Cooling VAV Boxes	\$16,910
ECM-3: Heating Plant Interconnect	\$9,386
ECM-8: High Efficiency Domestic HW Heater Upgrade	\$1,313
Total Measured Project Benefits – Option A	\$27,609

ECM-1: Alt: Replace Rooftops, AHU, DX Cooling VAV Boxes

AHU Improvements:

The M&V plan will include a final inspection of equipment. The inspection will confirm the equipment efficiencies which will be used to update of the original calculations. This will take place once then escalated for further years. The calculations use the following customer supplied/agreed to assumptions:

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

AHU-1 ASSUMPTIONS:	
Airside:	72 °F is the Indoor Air Temperature (IAT) 55 °F is the coil Discharge Air Temperature (DAT) 2,250 cfm, BASELINE minimum amount of Outside Air (OA) 2,250 cfm, DCV minimum amount of Outside Air (OA) 9,000 cfm, the design amount of air flow 100% Amount of Design cfm that's supplied to exterior spaces 1 Reheat Coils (1="Yes", 2="No") 7.88 horsepower rating of supply air fan 1,800 rpm rating of supply air fan 85.0% Existing motor full load efficiency 90.0% Proposed motor full load efficiency 91.0% Proposed VFD full load efficiency
Cooling:	1 1 If Chiller is Electric: 2 If Chiller is district cooling 1.512 kW/Ton rating of chiller plant (If Electric Chiller) 1 Unit-of-Clg/Ton seasonal average rating of Disctrict chiller plant KWH Plant cooling unit (Ton-Hr for Disctrict) 1.100 kW/Ton rating of new chiller plant (If Electric Chiller)
Heating:	88% Efficiency of Heating plant 100,000 BTU per fuel unit therm Fuel Unit

AHU-2 ASSUMPTIONS:	
Airside:	72 °F is the Indoor Air Temperature (IAT) 55 °F is the coil Discharge Air Temperature (DAT) 2,250 cfm, BASELINE minimum amount of Outside Air (OA) 2,250 cfm, DCV minimum amount of Outside Air (OA) 9,000 cfm, the design amount of air flow 100% Amount of Design cfm that's supplied to exterior spaces 1 Reheat Coils (1="Yes", 2="No") 7.88 horsepower rating of supply air fan 1,800 rpm rating of supply air fan 85.0% Existing motor full load efficiency 90.0% Proposed motor full load efficiency 91.0% Proposed VFD full load efficiency
Cooling:	1 1 If Chiller is Electric: 2 If Chiller is district cooling 1.512 kW/Ton rating of chiller plant (If Electric Chiller) 1 Unit-of-Clg/Ton seasonal average rating of Disctrict chiller plant KWH Plant cooling unit (Ton-Hr for Disctrict) 1.100 kW/Ton rating of new chiller plant (If Electric Chiller)
Heating:	88% Efficiency of Heating plant 100,000 BTU per fuel unit therm Fuel Unit

RTU Improvements:

The M&V plan will include a final inspection of equipment. The inspection will confirm the equipment efficiencies which will be used to update of the original calculations. This will take place once then esculated for further years. The calculations use the following customer supplied/agreed to assumptions:

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

RTU-1 ASSUMPTIONS:	
Airside:	72 °F is the Indoor Air Temperature (IAT) 55 °F is the coil Discharge Air Temperature (DAT) 3,000 cfm, BASELINE minimum amount of Outside Air (OA) 3,000 cfm, DCV minimum amount of Outside Air (OA) 12,000 cfm, the design amount of air flow 75% Amount of Design cfm that's supplied to exterior spaces 1 Reheat Coils (1="Yes", 2="No") 7.13 horsepower rating of supply air fan 1,800 rpm rating of supply air fan 85.0% Existing motor full load efficiency 90.0% Proposed motor full load efficiency 91.0% Proposed VFD full load efficiency
Cooling:	1 1 If Chiller is Electric: 2 If Chiller is district cooling 1.512 kW/Ton rating of chiller plant (If Electric Chiller) 1 Unit-of-Clg/Ton seasonal average rating of Disctrict chiller plant KWH Plant cooling unit (Ton-Hr for Disctrict) 1.100 kW/Ton rating of new chiller plant (If Electric Chiller)
Heating:	88% Efficiency of Heating plant 100,000 BTU per fuel unit therm Fuel Unit

RTU-2 ASSUMPTIONS:	
Airside:	72 °F is the Indoor Air Temperature (IAT) 55 °F is the coil Discharge Air Temperature (DAT) 4,250 cfm, BASELINE minimum amount of Outside Air (OA) 4,250 cfm, DCV minimum amount of Outside Air (OA) 17,000 cfm, the design amount of air flow 75% Amount of Design cfm that's supplied to exterior spaces 1 Reheat Coils (1="Yes", 2="No") 18.75 horsepower rating of supply air fan 1,800 rpm rating of supply air fan 85.0% Existing motor full load efficiency 90.0% Proposed motor full load efficiency 91.0% Proposed VFD full load efficiency
Cooling:	1 1 If Chiller is Electric: 2 If Chiller is district cooling 1.512 kW/Ton rating of chiller plant (If Electric Chiller) 1 Unit-of-Clg/Ton seasonal average rating of Disctrict chiller plant KWH Plant cooling unit (Ton-Hr for Disctrict) 1.100 kW/Ton rating of new chiller plant (If Electric Chiller)
Heating:	88% Efficiency of Heating plant 100,000 BTU per fuel unit therm Fuel Unit

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

RTU-4 ASSUMPTIONS:	
Airside:	72 °F is the Indoor Air Temperature (IAT) 55 °F is the coil Discharge Air Temperature (DAT) 1,469 cfm, BASELINE minimum amount of Outside Air (OA) 1,469 cfm, DCV minimum amount of Outside Air (OA) 5,875 cfm, the design amount of air flow 75% Amount of Design cfm that's supplied to exterior spaces 1 Reheat Coils (1="Yes", 2="No") 7.88 horsepower rating of supply air fan 1,800 rpm rating of supply air fan 85.0% Existing motor full load efficiency 90.0% Proposed motor full load efficiency 91.0% Proposed VFD full load efficiency
Cooling:	1 1 If Chiller is Electric: 2 If Chiller is district cooling 1.512 kW/Ton rating of chiller plant (If Electric Chiller) 1 Unit-of-Clg/Ton seasonal average rating of District chiller plant KWH Plant cooling unit (Ton-Hr for District) 1.100 kW/Ton rating of new chiller plant (If Electric Chiller)
Heating:	88% Efficiency of Heating plant 100,000 BTU per fuel unit therm Fuel Unit

RTU-5 ASSUMPTIONS:	
Airside:	72 °F is the Indoor Air Temperature (IAT) 55 °F is the coil Discharge Air Temperature (DAT) 2,125 cfm, BASELINE minimum amount of Outside Air (OA) 2,125 cfm, DCV minimum amount of Outside Air (OA) 8,500 cfm, the design amount of air flow 75% Amount of Design cfm that's supplied to exterior spaces 1 Reheat Coils (1="Yes", 2="No") 11.25 horsepower rating of supply air fan 1,800 rpm rating of supply air fan 85.0% Existing motor full load efficiency 90.0% Proposed motor full load efficiency 91.0% Proposed VFD full load efficiency
Cooling:	1 1 If Chiller is Electric: 2 If Chiller is district cooling 1.512 kW/Ton rating of chiller plant (If Electric Chiller) 1 Unit-of-Clg/Ton seasonal average rating of District chiller plant KWH Plant cooling unit (Ton-Hr for District) 1.100 kW/Ton rating of new chiller plant (If Electric Chiller)
Heating:	88% Efficiency of Heating plant 100,000 BTU per fuel unit therm Fuel Unit

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

RTU-6 ASSUMPTIONS:	
Airside:	72 °F is the Indoor Air Temperature (IAT) 55 °F is the coil Discharge Air Temperature (DAT) 2,125 cfm, BASELINE minimum amount of Outside Air (OA) 2,125 cfm, DCV minimum amount of Outside Air (OA) 8,500 cfm, the design amount of air flow 75% Amount of Design cfm that's supplied to exterior spaces 1 Reheat Coils (1="Yes", 2="No") 11.25 horsepower rating of supply air fan 1,800 rpm rating of supply air fan 85.0% Existing motor full load efficiency 90.0% Proposed motor full load efficiency 91.0% Proposed VFD full load efficiency
Cooling:	1 1 If Chiller is Electric: 2 If Chiller is district cooling 1.512 kW/Ton rating of chiller plant (If Electric Chiller) 1 Unit-of-Clg/Ton seasonal average rating of Disctrict chiller plant KWH Plant cooling unit (Ton-Hr for Disctrict) 1.100 kW/Ton rating of new chiller plant (If Electric Chiller)
Heating:	88% Efficiency of Heating plant 100,000 BTU per fuel unit therm Fuel Unit

ECM-3: Heating Plant Interconnect

Heating Plant Interconnect Improvements:

The M&V plan will include a final inspection of equipment. The inspection will confirm the equipment efficiencies which will be used to update of the original calculations. This will take place once then escalated for further years. The calculations use the following customer supplied/agreed to assumptions:

Boiler Plants	B-1 / B-2	B-3 / B-4	B-5
Functional Plant Input (MBH)	945	3000	1520
Percentage of Natural Gas used by this plant	17.29%	54.89%	27.81%
Heating System Efficiency			
Assumed Current Boiler Combustion Efficiency (%)	67%	67%	77%
Proposed Boiler Combustion Efficiency (%)	85%	85%	85%
Assumed Current Boiler Radiant Jacket Losses (%)	2.5%	2.5%	2.5%
Proposed Boiler Radiant Jacket Losses (%)	0.0%	0.0%	0.0%
Current Boiler Distribution Losses (%)	1.0%	1.0%	1.0%
Proposed Boiler Distribution Losses (%)	1.0%	1.0%	1.0%
Oil Usage Information			
Annual Fuel Consumption (MMBtu)	0.00	0.00	0.00
Proposed Oil Savings from other measures (MMBtu)	0.00	0.00	0.00
Estimated Non-Boiler Oil Consumption (MMBtu)	0.00	0.00	0.00
Gas Usage Information			
Annual Gas Consumption (Therms)	14,393.87	45,694.83	23,152.05
Proposed Gas Savings from other measures (Therms)	0.00	0.00	0.00
Estimated Non-Boiler Gas Consumption (Therms)	719.69	2,284.74	1,157.60
Calculation			
Net Applicable Fuel Usage (MMBtu)	1,367	4,341	2,199
Current Boiler Fuel-to-Heat Efficiency (%)	65%	65%	74%
Proposed Boiler Fuel-to-Heat Efficiency (%)	84%	84%	84%
Fuel Savings (MMBtu)	316.52	1,004.82	256.82

ECM-8: High Efficiency Domestic HW Heater Upgrade

High Efficiency Domestic HW Heater Improvements:

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

Schedule 2a

The M&V plan will include a final inspection of equipment. The inspection will confirm the equipment efficiencies which will be used to update of the original calculations. This will take place once then escalated for further years. The calculations use the following customer supplied/agreed to assumptions:

Heating System Efficiency	
Assumed Current DW-Heater Combustion Efficiency (%)	75%
Proposed DW-Heater Combustion Efficiency (%)	95%
Assumed Current DW-Heater Radiant Jacket Losses (%)	5.0%
Proposed DW-Heater Radiant Jacket Losses (%)	0.0%
Current DW-Heater Distribution Losses (%)	1.0%
Proposed DW-Heater Distribution Losses (%)	1.0%
Oil Usage Information	
Annual Fuel Consumption (MMBtu)	0.00
Proposed Oil Savings from other measures (MMBtu)	0.00
Estimated Non-DW-Heater Oil Consumption (MMBtu)	0.00
Gas Usage Information	
Annual Gas Consumption (Therms)	177,737.73
Proposed Gas Savings from other measures (Therms)	0.00
Estimated Non-DW Heater Gas Consumption (Therms)	168,850.85
Calculation	
Net Applicable Fuel Usage (MMBtu)	889
Current Boiler Fuel-to-Heat Efficiency (%)	71%
Proposed Boiler Fuel-to-Heat Efficiency (%)	94%
Fuel Savings (MMBtu)	222.17

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

CHANGES IN USE OR CONDITION; ADJUSTMENT TO BASELINE AND/OR ANNUAL PROJECT BENEFITS

Customer agrees to notify JCI, within fourteen (14) days, of (i) any actual or intended change, whether before or during the Guarantee Term, in the use of any facility, equipment, or Improvement Measure to which this Schedule applies; (ii) any proposed or actual expansions or additions to the premises or any building or facility at the premises; (iii) a change to utility services to all or any portion of the premises; or (iv) any other change or condition arising before or during the Guarantee Term that reasonably could be expected to change the amount of Project Benefits realized under this Agreement.

Such a change, expansion, addition, or condition would include, but is not limited to: (a) changes in the primary use of any facility, Improvement Measure, or portion of the premises; (b) changes to the hours of operation of any facility, Improvement Measure, or portion of the premises; (c) changes or modifications to the Improvement Measures or any related equipment; (d) changes to the M&V Services Provide and installed under this Agreement; (e) failure of any portion of the premises to meet building codes; (f) changes in utility suppliers, utility rates, method of utility billing, or method of utility purchasing; (g) insufficient or improper maintenance or unsound usage of the Improvement Measures or any related equipment at any facility or portion of the premises (other than by JCI); (h) changes to the Improvement Measures or any related equipment or to any facility or portion of the premises required by building codes or any governmental or quasi-governmental entity; or (i) additions or deletions of Improvement Measures or any related equipment at any facility or portion of the premises.

Such a change or condition need not be identified in the Baseline in order to permit JCI to make an adjustment to the Baseline and/or the Annual Project Benefits. If JCI does not receive the notice within the time period specified above or travels to either Customer's location or the project site to determine the nature and scope of such changes, Customer agrees to pay JCI, in addition to any other amounts due under this Agreement, the applicable hourly consulting rate for the time it took to determine the changes and to make any adjustments and/or corrections to the project as a result of the changes, plus all reasonable and documented out-of-pocket expenses, including travel costs. Upon receipt of such notice, or if JCI independently learns of any such change or condition, JCI shall calculate and send to Customer a notice of adjustment to the Baseline and/or Annual Project Benefits to reflect the impact of such change or condition, and the adjustment shall become effective as of the date the change or condition first arose. Should Customer fail to promptly provide and install JCI with notice of any such change or condition, JCI may make reasonable estimates as to the impact of such change or condition and as to the date on which such change or condition first arose in calculating the impact of such change or condition, and such estimates shall be conclusive.

IV. BASELINE UTILITY RATES

The unit utility costs for the Baseline period are set forth below as "Base Utility Cost" and shall be used for all calculations made under this Schedule. The Base Utility Cost shall be escalated annually by the actual utility cost escalation but such escalation shall be no less than the mutually agreed "floor" escalation rate of three percent (3%). The Base Utility Cost for each type of utility represents the most recent average utility cost provided by the Racine Unified School District.

	Electric Blended \$/kwh	Demand \$kW	Gas \$/therm
Northwestern Medical Center	\$0.0815	\$16.1111	\$0.5610

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

VI. MEASUREMENT & VERIFICATION SERVICES

JCI will Provide and install the M&V Services set forth below in connection with the Assured Performance Guarantee.

1. During the Installation Period, a JCI Energy Solutions Performance Engineer will track Measured Project Benefits. JCI will report the Measured Project Benefits achieved during the Installation Period, as well as any Non-Measured Project Benefits applicable to the Installation Period, to Customer within 60 days of the commencement of the Guarantee Term.
2. Within 60 days of each anniversary of the commencement of the Guarantee Term, JCI will Provide and install Customer with an annual report containing:
 - A. an executive overview of the project's performance and Project Benefits achieved to date;
 - B. a summary analysis of the Measured Project Benefits accounting; and
 - C. depending on the M&V Option, a detailed analysis of the Measured Project Benefits calculations.
3. During the first year of the Guarantee Term, a JCI Energy Solutions Performance Engineer will monitor the on-going performance of the Improvement Measures, as specified in this Agreement, to determine whether anticipated Measured Project Benefits are being achieved. In this regard, the Energy Solutions Performance Engineer will, on a quarterly basis, assist Customer, on-site or remotely, with respect to the following activities:
 - A. review of information furnished by Customer from, and/or JCI Energy Solutions Performance Engineer direct access to, the facility management system to confirm that control strategies are in place and functioning;
 - B. advise Customer's designated personnel of any performance deficiencies based on such information;
 - C. coordinate with Customer's designated personnel to address any performance deficiencies that affect the realization of Measured Project Benefits; and
 - D. inform Customer of opportunities to further enhance project performance and of opportunities for the implementation of additional Improvement Measures.
4. For specified Improvement Measures utilizing an "Option A" M&V protocol, JCI will:
 - A. conduct pre and post installation measurements required under this Agreement;
 - B. confirm the building management system employs the control strategies and set points specified in this Agreement; and
 - C. analyze actual as-built information and adjust the Baseline and/or Measured Project Benefits to conform to actual installation conditions (e.g., final lighting calculations will be determined from the as-built information to reflect the actual mix of retrofits encountered during installation).

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

PRICE AND PAYMENT TERMS

Customer shall make payments to JCI pursuant to this Schedule 4.

1. Work. The price to be paid by Customer for the Work shall be \$2,068,271 Payments (including payment for materials delivered to JCI and work performed on and off-site) shall be made to JCI as follows:

First payment due:	60%	\$1,240,963	[January 15, 2018]
Second payment due:	10%	\$206,827	[March 15, 2018]
Third payment due:	10%	\$206,827	[April 15, 2018]
Fourth payment due:	10%	\$206,827	[May 15, 2018]
Fifth payment due:	5%	\$103,414	[June 15, 2018]
Final payment due:	5%	\$103,413	[July 15, 2018]

2. M&V Services. The total price for JCI's M&V Services for years 1 of \$ 7,978 is included in the price above, as detailed on Schedule 2A of this Agreement.,

The Racine Unified School District has the option to extend the M&V services at the end of the existing one year performance period per the following table;

M&V Year	M&V Price
Year 2	\$8,217
Year 3	\$8,464
Year 4	\$8,718
Year 5	\$8,979
Year 6	\$9,249
Year 7	\$9,526
Year 8	\$9,812
Year 9	\$10,106
Year 10	\$10,409
Year 11	\$10,722
Year 12	\$11,043
Year 13	\$11,375
Year 14	\$11,716
Year 15	\$12,067
Year 16	\$12,429
Year 17	\$12,802
Year 18	\$13,186
Year 19	\$13,582
Year 20	\$13,989

Johnson Controls, Inc. Initials: _____

Customer Initials: _____

BOARD OF EDUCATION

December 18, 2017

Budget and Finance

- AGENDA ITEM:** Establishing the energy efficiency tax levy for debt payments related to improvements made to Mitchell School and Fratt Elementary School to be completed by Trane **U.S. Inc.**
- PRESENTING:** Marc Duff, Chief Financial Officer
- DESCRIPTION:** State law allows school districts to enter into performance contract agreements with an appropriate Energy Service Company (ESCO) to complete energy efficiency projects. Until the beginning of 2018, state law also provides school districts with the authority to approve a tax levy over and above state revenue limits to fund the energy efficiency projects completed by companies utilizing a performance contract. Authorization can be given to approve the energy efficiency tax levy for all annual debt payments. Approving this resolution will authorize the energy efficiency tax levy for the associated debt related to the Mitchell School and Fratt Elementary School projects to be completed by Trane in 2018.
- FISCAL NOTE:** The energy efficiency tax levy for 2018-19 related to Trane associated debt would be \$_____. The energy efficiency levy in subsequent years will be reduced by measured energy cost savings applied by law to reduce the levy.
- RECOMMENDATION:** Approve the resolution establishing the energy efficiency tax levy for the debt costs associated with Trane U.S. Inc. for the 2018-19 through 2036-37 school years.

Note: The blank will be filled in with the first debt payment and the debt payment schedule in the resolution on December 18th which is the date of the sale of the bonds.

RESOLUTION FOR REVENUE LIMIT EXEMPTIONS FOR ENERGY EFFICIENCIES

BE IT RESOLVED THAT THE RACINE UNIFIED SCHOOL DISTRICT IS EXERCISING ITS TAXING AUTHORITY UNDER S. 121.91 (4)(o), WIS. STATS., ON OR BEFORE OCTOBER 1ST, TO EXCEED THE REVENUE LIMIT ON A NON-RECURRING BASIS BY AN AMOUNT THE DISTRICT WILL SPEND ON NEW ENERGY EFFICIENCY MEASURES AND ENERGY EFFICIENCY PRODUCTS FOR PROJECTS IN THE 2017-18 SCHOOL YEAR.

THE PROJECT IS BEING FINANCED WITH BONDS FOR A TERM OF 20 YEARS.

THE AMOUNT TO BE EXPENDED:

(NOTE: ACTUAL FIGURES WILL BE ADDED DECEMBER 18TH ONCE THE BOND SALE IS COMPLETE)

2018-2019	\$
2019-2020	\$
2020-2021	\$
2021-2022	\$
2022-2023	\$
2023-2024	\$
2024-2025	\$
2025-2026	\$
2026-2027	\$
2027-2028	\$
2028-2029	\$
2029-2030	\$
2030-2031	\$
2031-2032	\$
2032-2033	\$
2033-2034	\$
2034-2035	\$
2035-2036	\$
2036-2037	\$

AFTER REVIEW OF THE RECOMMENDATIONS REPORT PER S. 66.0133, STATS., THE DISTRICT HAS DETERMINED THAT THE \$17,613,854 IT WOULD SPEND ON ENERGY EFFICIENCY PROJECTS RECOMMENDED IN THE REPORT IS NOT LIKELY TO EXCEED THE AMOUNT TO BE SAVED IN ANNUAL UTILITY COSTS OF \$34,143 AND NON-UTILITY COSTS OF \$660,539 OVER THE REMAINING 50 YEAR USEFUL LIFE OF THE FACILITY TO WHICH THE MEASURES APPLY.

THE BOARD HAS ENTERED INTO A 20 YEAR PERFORMANCE CONTRACT UNDER S. 66.0133, STATS., WITH TRANE U.S. INC. FOR A PROJECT TO IMPLEMENT THE FOLLOWING ENERGY EFFICIENCY MEASURES OR TO PURCHASE ENERGY EFFICIENCY PRODUCTS. THE BOARD HAS ALSO IDENTIFIED THE FOLLOWING COST RECOVERY PERFORMANCE INDICATORS TO MEASURE ENERGY SAVINGS AND/OR OPERATIONAL SAVINGS FOR EACH MEASURE OR PRODUCT, INCLUDING THE TIMELINE FOR COST RECOVERY: 1.

MITCHELL SCHOOL – UPGRADE HVAC SYSTEM, INCLUDING THE CONVERSION OF THE EXISTING STEAM SYSTEM TO A HYBRID HOT WATER BOILER SYSTEM • PROJECTED COST: \$7,751,578 • PERFORMANCE INDICATOR: 236,529 kWh AND 36,906 THERMS SAVINGS • PROJECTED ENERGY AND OPERATIONAL SAVINGS \$402,550 • PROJECTED PAYBACK PERIOD: 24.5 YEARS. 2. MITCHELL SCHOOL – CONTROLS, AIR AND WATER SYSTEMS, ROOFING IMPROVEMENTS, AND HOT WATER HEATER UPGRADES • PROJECTED COST: \$1,007,900 • PERFORMANCE INDICATOR: 7,662 THERMS SAVINGS • PROJECTED ENERGY AND OPERATIONAL SAVINGS \$60,952. 3. FRATT ELEMENTARY SCHOOL – UPGRADE HVAC SYSTEM, INCLUDING THE CONVERSION OF THE EXISTING STEAM SYSTEM TO A HYBRID HOT WATER BOILER SYSTEM • PROJECTED COST: \$3,501,762 • PERFORMANCE INDICATOR: 36,094 THERMS SAVINGS • PROJECTED ENERGY AND OPERATIONAL SAVINGS \$172,501 • PROJECTED PAYBACK PERIOD: 26.4 YEARS. 4. FRATT ELEMENTARY SCHOOL – CONTROLS, AIR AND WATER SYSTEMS, AND HOT WATER HEATER UPGRADES • PROJECTED COST: \$447,943 • PERFORMANCE INDICATOR: 41,620 kWh and 3,908 THERMS SAVINGS • PROJECTED ENERGY AND OPERATIONAL SAVINGS \$24,536. MONITORING AND EVALUATION OF THE PROJECTS WILL BEGIN UPON COMPLETION OF THE PROJECTS BY TRANE U.S. INC. AN EVALUATION OF THE PERFORMANCE INDICATORS WILL BE INCLUDED AS AN ADDENDUM IN THE REQUIRED PUBLISHED BUDGET SUMMARY DOCUMENT PER S. 65.90, WIS. STATS., AND IN THE DISTRICT’S PUBLISHED MINUTES OF THE SCHOOL BOARD MEETING. THE BOARD WILL USE THE EVALUATION TO DETERMINE THE AMOUNT OF ENERGY OR UTILITY COST SAVINGS, AS A RESULT OF THE PROJECT, THAT SHALL BE APPLIED TO RETIRE THE DEBT.

ACTION TAKEN:

Use to collect information for resolution to exceed the revenue limit for energy efficiency projects.

Name of School District	Racine Unified School District
Name of Qualified Contractor	Trane U.S. Inc.
Contract Length (years)	20
Total Project Cost*	\$12,709,183
Total Project Payback Period	25.4
Years of Debt Payments	20
Remaining Useful Life of the Facility	50

Financing Data	
Interest Rate (3.57%
Term (months	232

SUMMARY COST/SAVINGS ANALYSIS - MITCHELL SCHOOL AND FRATT ELEMENTARY SCHOOL EEE PROJECTS

Specific Energy Efficiency Measure or Products	PROJECT EXPENDITURES			Payback Years	PROJECT COST SAVINGS		
	Project Cost	Financing Cost (Interest)	Total Project Cost Including Financing		Total Annual Utility Cost Savings	Total Annual Non-Utility Cost Savings	One-time Savings
Fratt Elem. - HVAC Upgrades / Steam to hot water conversion and AHU upgrade	\$3,501,762	\$1,351,384	\$4,853,146	26.4	\$11,338	\$172,501	
Fratt Elem. - Replace and upgrade HVAC contols to current technology	\$382,507	\$147,615	\$530,122	23.3	\$2,324	\$20,443	
Fratt Elem. - Recommission air and water systems	\$13,190	\$5,090	\$18,280	5.4	\$2,177	\$1,187	
Fratt Elem. - Domestic Hot Water Heater Upgrade	\$52,246	\$20,163	\$72,409	23.0	\$236	\$2,906	
Mitchell - HVAC Upgrades / Steam to hot water conversion and AHU upgrade	\$7,751,578	\$2,991,455	\$10,743,033	24.5	\$35,101	\$402,550	
Mitchell - Replace and upgrade HVAC contols to current technology	\$565,563	\$218,260	\$783,823	-	-\$30,947	\$30,491	
Mitchell - Recommission air and water systems	\$21,508	\$8,300	\$29,808	3.6	\$7,019	\$1,277	
Mitchell - Domestic Hot Water Heater Upgrade	\$116,829	\$45,086	\$161,915	11.0	\$6,554	\$8,220	
Mitchell - Roofing improvements	\$304,000	\$117,318	\$421,318	19.8	\$341	\$20,964	
Entire Energy Efficiency Project *	\$12,709,183	\$4,904,671	\$17,613,854	25.36	\$34,143	\$660,539	\$0

\$1,396,864 31.81 -\$17,033 \$60,952

BOARD OF EDUCATION

December 18, 2017

Budget and Finance

- AGENDA ITEM:** Establishing the energy efficiency tax levy for debt payments related to improvements made to the Community Pathways Campus to be completed by Johnson Controls.
- PRESENTING:** Marc Duff, Chief Financial Officer
- DESCRIPTION:** State law allows school districts to enter into performance contract agreements with an appropriate Energy Service Company (ESCO) to complete energy efficiency projects. Until the beginning of 2018, state law also provides school districts with the authority to approve a tax levy over and above state revenue limits to fund the energy efficiency projects completed by companies utilizing a performance contract. Authorization can be given to approve the energy efficiency tax levy for all annual debt payments. Approving this resolution will authorize the energy efficiency tax levy for the associated debt related to the Community Pathways Campus project to be completed by Johnson Controls in 2018.
- FISCAL NOTE:** The energy efficiency tax levy for 2018-19 related to Johnson Controls associated debt would be \$_____. The energy efficiency levy in subsequent years will be reduced by measured energy cost savings applied by law to reduce the levy.
- RECOMMENDATION:** Approve the resolution establishing the energy efficiency tax levy for the debt costs associated with Johnson Controls for the 2018-19 through 2036-37 school years.

Note: The blank will be filled in with the first debt payment and the debt payment schedule in the resolution on December 18th which is the date of the sale of the bonds.

RESOLUTION FOR REVENUE LIMIT EXEMPTIONS FOR ENERGY EFFICIENCIES

BE IT RESOLVED THAT THE RACINE UNIFIED SCHOOL DISTRICT IS EXERCISING ITS TAXING AUTHORITY UNDER S. 121.91 (4)(o), WIS. STATS., ON OR BEFORE OCTOBER 1ST, TO EXCEED THE REVENUE LIMIT ON A NON-RECURRING BASIS BY AN AMOUNT THE DISTRICT WILL SPEND ON NEW ENERGY EFFICIENCY MEASURES AND ENERGY EFFICIENCY PRODUCTS FOR PROJECTS IN THE 2017-18 SCHOOL YEAR.

THE PROJECT IS BEING FINANCED WITH BONDS FOR A TERM OF 20 YEARS.

THE AMOUNT TO BE EXPENDED:

(NOTE: ACTUAL FIGURES WILL BE ADDED DECEMBER 18TH ONCE THE BOND SALE IS COMPLETE)

2018-2019	\$
2019-2020	\$
2020-2021	\$
2021-2022	\$
2022-2023	\$
2023-2024	\$
2024-2025	\$
2025-2026	\$
2026-2027	\$
2027-2028	\$
2028-2029	\$
2029-2030	\$
2030-2031	\$
2031-2032	\$
2032-2033	\$
2033-2034	\$
2034-2035	\$
2035-2036	\$
2036-2037	\$

AFTER REVIEW OF THE RECOMMENDATIONS REPORT PER S. 66.0133, STATS., THE DISTRICT HAS DETERMINED THAT THE \$2,866,449 IT WOULD SPEND ON ENERGY EFFICIENCY PROJECTS RECOMMENDED IN THE REPORT IS NOT LIKELY TO EXCEED THE AMOUNT TO BE SAVED IN ANNUAL UTILITY COSTS OF \$27,603 AND NON-UTILITY COSTS OF \$91,389 OVER THE REMAINING 50 YEAR USEFUL LIFE OF THE FACILITY TO WHICH THE MEASURES APPLY.

THE BOARD HAS ENTERED INTO A 20 YEAR PERFORMANCE CONTRACT UNDER S. 66.0133, STATS., WITH JOHNSON CONTROLS FOR A PROJECT TO IMPLEMENT THE FOLLOWING ENERGY EFFICIENCY MEASURES OR TO PURCHASE ENERGY EFFICIENCY PRODUCTS. THE BOARD HAS ALSO IDENTIFIED THE FOLLOWING COST RECOVERY PERFORMANCE INDICATORS TO MEASURE ENERGY SAVINGS AND/OR OPERATIONAL SAVINGS FOR EACH MEASURE OR PRODUCT, INCLUDING THE TIMELINE FOR COST RECOVERY:

COMMUNITY PATHWAYS CAMPUS – UPGRADE AND INTERCONNECT HEATING PLANTS, REPLACE AIR HANDLING UNITS, UPGRADE CONDENSING WATER HEATERS, AND UPGRADE SYSTEM CONTROLS • PROJECTED COST: \$2,068,271 • PERFORMANCE INDICATOR: 64,682 KWH SAVINGS AND 23,564 THERMS SAVINGS • PROJECTED ENERGY AND OPERATIONAL SAVINGS \$91,389 • PROJECTED PAYBACK PERIOD: 24.1 YEARS. MONITORING AND EVALUATION OF THE PROJECTS WILL BEGIN UPON COMPLETION OF THE PROJECTS BY JOHNSON CONTROLS. AN EVALUATION OF THE PERFORMANCE INDICATORS WILL BE INCLUDED AS AN ADDENDUM IN THE REQUIRED PUBLISHED BUDGET SUMMARY DOCUMENT PER S. 65.90, WIS. STATS., AND IN THE DISTRICT’S PUBLISHED MINUTES OF THE SCHOOL BOARD MEETING. THE BOARD WILL USE THE EVALUATION TO DETERMINE THE AMOUNT OF ENERGY OR UTILITY COST SAVINGS, AS A RESULT OF THE PROJECT, THAT SHALL BE APPLIED TO RETIRE THE DEBT.

ACTION TAKEN:

Use to collect information for resolution to exceed the revenue limit for energy efficiency projects.

Name of School District	Racine Unified School District
Name of Qualified Contractor	Johnson Controls
Contract Length (years)	10
Total Project Cost*	\$2,866,449
Total Project Payback Period	24.1
Years of Debt Payments	20
Remaining Useful Life of the Facility	50

Financing Data	
Interest Rate (%)	3.57%
Term (months)	232

SUMMARY COST/SAVINGS ANALYSIS - COMMUNITY PATHWAYS CAMPUS EEE PROJECT

PROJECT EXPENDITURES				Payback Years	PROJECT COST SAVINGS		
					Total Annual Utility Cost Savings	Total Annual Non-Utility Cost Savings	One-time Savings
Specific Energy Efficiency Measure or Products	Project Cost	Financing Cost (Interest)	Total Project Cost Including Financing	Cost/Savings			
Interconnect hot water Systems - combine 3 heating plants into a central plant	\$410,357	\$158,363	\$568,720	18.0	\$9,386	\$22,130	\$0
Replace air-handling units with rooftop units and system control upgrades	\$1,113,470	\$429,705	\$1,543,175	17.9	\$16,904	\$69,259	\$0
Upgrade system controls and network	\$183,333	\$70,751	\$254,084	-	\$0	\$0	\$0
Upgrade condensing water heaters (5 listed)	\$49,405	\$19,066	\$68,471	52.1	\$1,313	\$0	\$0
Additional Installation Items (Balancing, Duct Leakage, Hot-Water Piping Install)	\$278,728	\$107,565	\$386,293	-	\$0	\$0	\$0
Measurement & Verification	\$7,978	\$3,079	\$11,057	-	\$0	\$0	\$0
Owners Allowance	\$25,000	\$9,648	\$34,648	-	\$0	\$0	\$0
Entire Energy Efficiency Project *	\$2,068,271	\$798,178	\$2,866,449	24.1	\$27,603	\$91,389	\$0

**RACINE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

**December 18, 2017
Finance**

AGENDA ITEM: **RESOLUTION AWARDING THE SALE OF \$14,600,000
GENERAL OBLIGATION SCHOOL IMPROVEMENT BONDS**

PRESENTING: Marc Duff, Chief Financial Officer

DESCRIPTION: The Board of Education approved borrowing for replacing, making improvements and major maintenance repairs to District schools. The District has engaged with Trane to make energy efficiency improvements to Mitchell Elementary and Middle School and Fratt Elementary School. The District has also engaged with Johnson Controls to make energy efficiency improvements to the Community Pathways Campus. This borrowing is long term financing and is part of the Board Authorized Borrowing from October 2, 2017. The borrowing is for \$14,600,000.

FISCAL NOTE: The interest rate is _____% and the purchaser of the note is _____. Payments will be made through an energy efficiency tax levy, part of which will be offset by utility savings from the project.

RECOMMENDATION: Approve the resolution to award the sale of \$14.6 million of General Obligation School Building and Improvement Bonds at the interest rate of _____% and the purchaser being _____.

ACTION TAKEN:

Note: The blanks will be filled in with the interest rate and purchaser of the bonds on December 18th which is the date of the sale of the bonds.

RESOLUTION NO. _____

RESOLUTION AWARDING THE SALE OF \$14,600,000
GENERAL OBLIGATION SCHOOL IMPROVEMENT BONDS

WHEREAS, on October 2, 2017, the School Board of the Racine Unified School District, Racine County, Wisconsin (the "District") adopted an initial resolution entitled: "Initial Resolution Authorizing General Obligation Bonds in an Amount Not to Exceed \$33,500,000 and Calling a Public Hearing in Connection Therewith" (the "Initial Resolution") authorizing the issuance of not to exceed \$33,500,000 general obligation bonds of the District for the public purpose of paying the cost of acquiring land and buildings and renovating and equipping buildings (the "Project");

WHEREAS, pursuant to the provisions of Section 67.05, Wisconsin Statutes, within 10 days following the adoption of the Initial Resolution, the District Clerk caused a notice to electors to be published in The Journal Times, stating the purpose and maximum principal amount of the general obligation bonds issue authorized by the Initial Resolution and describing the public hearing to be held and the opportunity and procedure for submitting a petition requesting a referendum on such issue authorized by the Initial Resolution;

WHEREAS, the School Board of the District held a public hearing on October 16, 2017 for informational purposes only regarding the Initial Resolution, the Project and the borrowing, which was within 10 days following the publication of the notice to electors;

WHEREAS, no petition for referendum was filed with the District Clerk, and the time to file such a petition has expired;

WHEREAS, the School Board has heretofore found and determined that the Project is within the District's power to undertake and therefore serves a "public purpose" as that term is defined in Section 67.04(1)(b), Wisconsin Statutes;

WHEREAS, the District is authorized by the provisions of Section 67.04, Wisconsin Statutes, to borrow money and issue general obligation bonds for such public purposes;

WHEREAS, the District has directed Robert W. Baird & Co. Incorporated ("Baird") to take the steps necessary to sell the general obligation bonds designated as "General Obligation School Improvement Bonds" (the "Bonds") to pay a \$14,600,000 portion of the cost of the Project authorized by the Initial Resolution;

WHEREAS, Baird, in consultation with the officials of the District, prepared an Official Notice of Sale (a copy of which is attached hereto as Exhibit A and incorporated herein by this reference) setting forth the details of and the bid requirements for the Bonds and indicating that the Bonds would be offered for public sale on December 18, 2017;

WHEREAS, the District Clerk (in consultation with Baird) caused a form of notice of the sale to be published and/or announced and caused the Official Notice of Sale to be distributed to potential bidders offering the Bonds for public sale on December 18, 2017;

WHEREAS, the District has duly received bids for the Bonds as described on the Bid Tabulation attached hereto as Exhibit B and incorporated herein by this reference (the "Bid Tabulation"); and

WHEREAS, it has been determined that the bid proposal (the "Proposal") submitted by the financial institution listed first on the Bid Tabulation fully complies with the bid requirements set forth in the Official Notice of Sale and is deemed to be the most advantageous to the District. Baird has recommended that the District accept the Proposal. A copy of said Proposal submitted by such institution (the "Purchaser") is attached hereto as Exhibit C and incorporated herein by this reference.

NOW, THEREFORE, BE IT RESOLVED by the School Board of the District that:

Section 1A. Ratification of the Official Notice of Sale and Offering Materials. The School Board hereby ratifies and approves the details of the Bonds set forth in Exhibit A attached hereto as and for the details of the Bonds. The Official Notice of Sale and any other offering materials prepared and circulated by Baird are hereby ratified and approved in all respects. All actions taken by officers of the District and Baird in connection with the preparation and distribution of the Official Notice of Sale, and any other offering materials are hereby ratified and approved in all respects.

Section 1B. Award of the Bonds. The Proposal of the Purchaser offering to purchase the Bonds for the sum set forth on the Proposal (as modified on the Bid Tabulation and reflected in the Pricing Summary referenced below and incorporated herein), plus accrued interest to the date of delivery, resulting in a true interest cost as set forth on the Proposal (as modified on the Bid Tabulation and reflected in the Pricing Summary referenced below and incorporated herein), is hereby accepted. The District President and District Clerk or other appropriate officers of the District are authorized and directed to execute an acceptance of the Proposal on behalf of the District. The good faith deposit of the Purchaser shall be retained by the District Treasurer and applied in accordance with the Official Notice of Sale, and any good faith deposits submitted by unsuccessful bidders shall be promptly returned. The Bonds shall bear interest at the rates set forth on the Proposal.

Section 2. Terms of the Bonds. The Bonds shall be designated "General Obligation School Improvement Bonds"; shall be issued in the aggregate principal amount of \$14,600,000; shall be dated January 8, 2018; shall be in the denomination of \$5,000 or any integral multiple thereof; shall be numbered R-1 and upward; and shall bear interest at the rates per annum and mature on April 1 of each year, in the years and principal amounts as set forth on the Pricing Summary attached hereto as Exhibit D-1 and incorporated herein by this reference. Interest shall be payable semi-annually on April 1 and October 1 of each year commencing on October 1, 2018. Interest shall be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to the rules of the Municipal Securities Rulemaking Board. The schedule of principal and interest payments due on the Bonds is set forth on the Debt Service Schedule attached hereto as Exhibit D-2 and incorporated herein by this reference (the "Schedule").

Section 3. Redemption Provisions. The Bonds maturing on April 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the District, on April 1, 2024 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the District, and within each maturity by lot, at the principal amount thereof, plus accrued interest to the date of redemption. [If the Proposal specifies that any of the Bonds are subject to mandatory redemption, the terms of such mandatory redemption shall be set forth on an attachment hereto as Exhibit MRP and incorporated herein by this reference. Upon the optional redemption of any of the Bonds subject to mandatory redemption, the principal amount of such Bonds so redeemed shall be credited against the mandatory redemption payments established in Exhibit MRP for such Bonds in such manner as the District shall direct.]

Section 4. Form of the Bonds. The Bonds shall be issued in registered form and shall be executed and delivered in substantially the form attached hereto as Exhibit E and incorporated herein by this reference.

Section 5. Tax Provisions.

(A) Direct Annual Irrepealable Tax Levy. For the purpose of paying the principal of and interest on the Bonds as the same becomes due, the full faith, credit and resources of the District are hereby irrevocably pledged, and there is hereby levied upon all of the taxable property of the District a direct annual irrepealable tax in the years 2018 through 2036 for payments due in the years 2018 through 2037 in the amounts set forth on the Schedule. The amount of tax levied in the year 2018 shall be the total amount of debt service due on the Bonds in the years 2018 and 2019; provided that the amount of such tax carried onto the tax rolls shall be abated by any amounts appropriated pursuant to subsection (D) below which are applied to payment of interest on the Bonds in the year 2018.

(B) Tax Collection. So long as any part of the principal of or interest on the Bonds remains unpaid, the District shall be and continue without power to repeal such levy or obstruct the collection of said tax until all such payments have been made or provided for. After the issuance of the Bonds, said tax shall be, from year to year, carried onto the tax roll of the District and collected in addition to all other taxes and in the same manner and at the same time as other taxes of the District for said years are collected, except that the amount of tax carried onto the tax roll may be reduced in any year by the amount of any surplus money in the Debt Service Fund Account created below.

(C) Additional Funds. If at any time there shall be on hand insufficient funds from the aforesaid tax levy to meet principal and/or interest payments on said Bonds when due, the requisite amounts shall be paid from other funds of the District then available, which sums shall be replaced upon the collection of the taxes herein levied.

(D) Appropriation. The District hereby appropriates from proceeds of the Bonds or other funds of the District on hand a sum sufficient to be irrevocably deposited in the segregated Debt Service Fund Account created below and used to pay debt service on the Bonds coming due in 2018 as set forth on the Schedule.

Section 6. Segregated Debt Service Fund Account.

(A) Creation and Deposits. There be and there hereby is established in the treasury of the District, if one has not already been created, a debt service fund, separate and distinct from every other fund, which shall be maintained in accordance with generally accepted accounting principles. Debt service or sinking funds established for obligations previously issued by the District may be considered as separate and distinct accounts within the debt service fund.

Within the debt service fund, there hereby is established a separate and distinct account designated as the "Debt Service Fund Account for General Obligation School Improvement Bonds, dated January 8, 2018" (the "Debt Service Fund Account") and such account shall be maintained until the indebtedness evidenced by the Bonds is fully paid or otherwise extinguished. There shall be deposited into the Debt Service Fund Account (i) all accrued interest received by the District at the time of delivery of and payment for the Bonds; (ii) any premium which may be received by the District above the par value of the Bonds and accrued interest thereon; (iii) all money raised by the taxes herein levied and any amounts appropriated for the specific purpose of meeting principal of and interest on the Bonds when due; (iv) such other sums as may be necessary at any time to pay principal of and interest on the Bonds when due; (v) surplus monies in the Borrowed Money Fund as specified below; and (vi) such further deposits as may be required by Section 67.11, Wisconsin Statutes.

(B) Use and Investment. No money shall be withdrawn from the Debt Service Fund Account and appropriated for any purpose other than the payment of principal of and interest on the Bonds until all such principal and interest has been paid in full and the Bonds canceled; provided (i) the funds to provide for each payment of principal of and interest on the Bonds prior to the scheduled receipt of taxes from the next succeeding tax collection may be invested in direct obligations of the United States of America maturing in time to make such payments when they are due or in other investments permitted by law; and (ii) any funds over and above the amount of such principal and interest payments on the Bonds may be used to reduce the next succeeding tax levy, or may, at the option of the District, be invested by purchasing the Bonds as permitted by and subject to Section 67.11(2)(a), Wisconsin Statutes, or in permitted municipal investments under the pertinent provisions of the Wisconsin Statutes ("Permitted Investments"), which investments shall continue to be a part of the Debt Service Fund Account. Any investment of the Debt Service Fund Account shall at all times conform with the provisions of the Internal Revenue Code of 1986, as amended (the "Code") and any applicable Treasury Regulations (the "Regulations").

(C) Remaining Monies. When all of the Bonds have been paid in full and canceled, and all Permitted Investments disposed of, any money remaining in the Debt Service Fund Account shall be transferred and deposited in the general fund of the District, unless the School Board directs otherwise.

Section 7. Proceeds of the Bonds; Segregated Borrowed Money Fund. The proceeds of the Bonds (the "Bond Proceeds") (other than any premium and accrued interest which must be paid at the time of the delivery of the Bonds into the Debt Service Fund Account created above)

shall be deposited into a special fund separate and distinct from all other funds of the District and disbursed solely for the purpose or purposes for which borrowed or for the payment of the principal of and the interest on the Bonds. Monies in the Borrowed Money Fund may be temporarily invested in Permitted Investments. Any monies, including any income from Permitted Investments, remaining in the Borrowed Money Fund after the purpose or purposes for which the Bonds have been issued have been accomplished, and, at any time, any monies as are not needed and which obviously thereafter cannot be needed for such purpose(s) shall be deposited in the Debt Service Fund Account.

Section 8. No Arbitrage. All investments made pursuant to this Resolution shall be Permitted Investments, but no such investment shall be made in such a manner as would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code or the Regulations and an officer of the District, charged with the responsibility for issuing the Bonds, shall certify as to facts, estimates, circumstances and reasonable expectations in existence on the date of delivery of the Bonds to the Purchaser which will permit the conclusion that the Bonds are not "arbitrage bonds," within the meaning of the Code or Regulations.

Section 9. Compliance with Federal Tax Laws. (a) The District represents and covenants that the projects financed by the Bonds and the ownership, management and use of the projects will not cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code. The District further covenants that it shall comply with the provisions of the Code to the extent necessary to maintain the tax-exempt status of the interest on the Bonds including, if applicable, the rebate requirements of Section 148(f) of the Code. The District further covenants that it will not take any action, omit to take any action or permit the taking or omission of any action within its control (including, without limitation, making or permitting any use of the proceeds of the Bonds) if taking, permitting or omitting to take such action would cause any of the Bonds to be an arbitrage bond or a private activity bond within the meaning of the Code or would otherwise cause interest on the Bonds to be included in the gross income of the recipients thereof for federal income tax purposes. The District Clerk or other officer of the District charged with the responsibility of issuing the Bonds shall provide an appropriate certificate of the District certifying that the District can and covenanting that it will comply with the provisions of the Code and Regulations.

(b) The District also covenants to use its best efforts to meet the requirements and restrictions of any different or additional federal legislation which may be made applicable to the Bonds provided that in meeting such requirements the District will do so only to the extent consistent with the proceedings authorizing the Bonds and the laws of the State of Wisconsin and to the extent that there is a reasonable period of time in which to comply.

Section 10. Execution of the Bonds; Closing; Professional Services. The Bonds shall be issued in printed form, executed on behalf of the District by the manual or facsimile signatures of the District President and District Clerk, authenticated, if required, by the Fiscal Agent (defined below), sealed with its official or corporate seal, if any, or a facsimile thereof, and delivered to the Purchaser upon payment to the District of the purchase price thereof, plus accrued interest to the date of delivery (the "Closing"). The facsimile signature of either of the officers executing the Bonds may be imprinted on the Bonds in lieu of the manual signature of the officer but, unless the District has contracted with a fiscal agent to authenticate the Bonds, at least one of the

signatures appearing on each Bond shall be a manual signature. In the event that either of the officers whose signatures appear on the Bonds shall cease to be such officers before the Closing, such signatures shall, nevertheless, be valid and sufficient for all purposes to the same extent as if they had remained in office until the Closing. The aforesaid officers are hereby authorized and directed to do all acts and execute and deliver the Bonds and all such documents, certificates and acknowledgements as may be necessary and convenient to effectuate the Closing. The District hereby authorizes the officers and agents of the District to enter into, on its behalf, agreements and contracts in conjunction with the Bonds, including but not limited to agreements and contracts for legal, trust, fiscal agency, disclosure and continuing disclosure, and rebate calculation services. Any such contract heretofore entered into in conjunction with the issuance of the Bonds is hereby ratified and approved in all respects.

Section 11. Payment of the Bonds; Fiscal Agent. The principal of and interest on the Bonds shall be paid by Associated Trust Company, National Association, Green Bay, Wisconsin, which is hereby appointed as the District's registrar and fiscal agent pursuant to the provisions of Section 67.10(2), Wisconsin Statutes (the "Fiscal Agent"). The District hereby authorizes the District President and District Clerk or other appropriate officers of the District to enter a Fiscal Agency Agreement between the District and the Fiscal Agent. Such contract may provide, among other things, for the performance by the Fiscal Agent of the functions listed in Wis. Stats. Sec. 67.10(2)(a) to (j), where applicable, with respect to the Bonds.

Section 12. Persons Treated as Owners; Transfer of Bonds. The District shall cause books for the registration and for the transfer of the Bonds to be kept by the Fiscal Agent. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of either principal or interest on any Bond shall be made only to the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Any Bond may be transferred by the registered owner thereof by surrender of the Bond at the office of the Fiscal Agent, duly endorsed for the transfer or accompanied by an assignment duly executed by the registered owner or his attorney duly authorized in writing. Upon such transfer, the District President and District Clerk shall execute and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount, series and maturity and the Fiscal Agent shall record the name of each transferee in the registration book. No registration shall be made to bearer. The Fiscal Agent shall cancel any Bond surrendered for transfer.

The District shall cooperate in any such transfer, and the District President and District Clerk are authorized to execute any new Bond or Bonds necessary to effect any such transfer.

Section 13. Record Date. The 15th day of the calendar month next preceding each interest payment date shall be the record date for the Bonds (the "Record Date"). Payment of interest on the Bonds on any interest payment date shall be made to the registered owners of the Bonds as they appear on the registration book of the District at the close of business on the Record Date.

Section 14. Utilization of The Depository Trust Company Book-Entry-Only System. In order to make the Bonds eligible for the services provided by The Depository Trust Company, New York, New York ("DTC"), the District agrees to the applicable provisions set forth in the Blanket Issuer Letter of Representations, which the District Clerk or other authorized representative of the District is authorized and directed to execute and deliver to DTC on behalf of the District to the extent an effective Blanket Issuer Letter of Representations is not presently on file in the District Clerk's office.

Section 15. Official Statement. The School Board hereby approves the Preliminary Official Statement with respect to the Bonds and deems the Preliminary Official Statement as "final" as of its date for purposes of SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934 (the "Rule"). All actions taken by officers of the District in connection with the preparation of such Preliminary Official Statement or final Official Statement are hereby ratified and approved. In connection with the Closing, the appropriate District official shall certify the Preliminary Official Statement or final Official Statement. The District Clerk shall cause copies of the Preliminary Official Statement or final Official Statement to be distributed to the Purchaser.

Section 16. Undertaking to Provide Continuing Disclosure. The District hereby covenants and agrees, for the benefit of the owners of the Bonds, to enter into a written undertaking (the "Undertaking") if required by the Rule to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events in accordance with the Rule. The Undertaking shall be enforceable by the owners of the Bonds or by the Purchaser on behalf of such owners (provided that the rights of the owners and the Purchaser to enforce the Undertaking shall be limited to a right to obtain specific performance of the obligations thereunder and any failure by the District to comply with the provisions of the Undertaking shall not be an event of default with respect to the Bonds).

To the extent required under the Rule, the District President and District Clerk, or other officer of the District charged with the responsibility for issuing the Bonds, shall provide a Continuing Disclosure Certificate for inclusion in the transcript of proceedings, setting forth the details and terms of the District's Undertaking.

Section 17. Record Book. The District Clerk shall provide and keep the transcript of proceedings as a separate record book (the "Record Book") and shall record a full and correct statement of every step or proceeding had or taken in the course of authorizing and issuing the Bonds in the Record Book.

Section 18. Bond Insurance. If the Purchaser determines to obtain municipal bond insurance with respect to the Bonds, the officers of the District are authorized to take all actions necessary to obtain such municipal bond insurance. The District President and District Clerk are authorized to agree to such additional provisions as the bond insurer may reasonably request and which are acceptable to the District President and District Clerk including provisions regarding restrictions on investment of Bond proceeds, the payment procedure under the municipal bond insurance policy, the rights of the bond insurer in the event of default and payment of the Bonds by the bond insurer and notices to be given to the bond insurer. In addition, any reference

required by the bond insurer to the municipal bond insurance policy shall be made in the form of Bond provided herein.

Section 19. Conflicting Resolutions; Severability; Effective Date. All prior resolutions, rules or other actions of the School Board or any parts thereof in conflict with the provisions hereof shall be, and the same are, hereby rescinded insofar as the same may so conflict. In the event that any one or more provisions hereof shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions hereof. The foregoing shall take effect immediately upon adoption and approval in the manner provided by law.

Adopted, approved and recorded December 18, 2017.

Robert Wittke, Jr.
District President

ATTEST:

Matthew Hanser
District Clerk

EXHIBIT A

Official Notice of Sale

To be provided by Robert W. Baird & Co. Incorporated and incorporated into the Resolution.

(See Attached)

EXHIBIT B

Bid Tabulation

To be provided by Robert W. Baird & Co. Incorporated and incorporated into the Resolution.

(See Attached)

EXHIBIT C

Winning Bid

To be provided by Robert W. Baird & Co. Incorporated and incorporated into the Resolution.

(See Attached)

EXHIBIT D-1

Pricing Summary

To be provided by Robert W. Baird & Co. Incorporated and incorporated into the Resolution.

(See Attached)

EXHIBIT D-2

Debt Service Schedule and Irrepealable Tax Levies

To be provided by Robert W. Baird & Co. Incorporated and incorporated into the Resolution.

(See Attached)

[EXHIBIT MRP

Mandatory Redemption Provision

The Bonds due on April 1, _____, _____ and _____ (the "Term Bonds") are subject to mandatory redemption prior to maturity by lot (as selected by the Depository) at a redemption price equal to One Hundred Percent (100%) of the principal amount to be redeemed plus accrued interest to the date of redemption, from debt service fund deposits which are required to be made in amounts sufficient to redeem on April 1 of each year the respective amount of Term Bonds specified below:

For the Term Bonds Maturing on April 1, _____

<u>Redemption</u> <u>Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____ (maturity)

For the Term Bonds Maturing on April 1, _____

<u>Redemption</u> <u>Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____ (maturity)

For the Term Bonds Maturing on April 1, _____

<u>Redemption</u> <u>Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____ (maturity)

For the Term Bonds Maturing on April 1, _____

<u>Redemption</u> <u>Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____
_____	_____ (maturity)]

EXHIBIT E

(Form of Bond)

REGISTERED UNITED STATES OF AMERICA DOLLARS
STATE OF WISCONSIN
RACINE COUNTY
NO. R-____ RACINE UNIFIED SCHOOL DISTRICT \$_____
GENERAL OBLIGATION SCHOOL IMPROVEMENT BOND

MATURITY DATE: ORIGINAL DATE OF ISSUE: INTEREST RATE: CUSIP:
April 1, _____ January 8, 2018 _____% _____

DEPOSITORY OR ITS NOMINEE NAME: CEDE & CO.

PRINCIPAL AMOUNT: _____ THOUSAND DOLLARS
(\$_____)

FOR VALUE RECEIVED, the Racine Unified School District, Racine County, Wisconsin (the "District"), hereby acknowledges itself to owe and promises to pay to the Depository or its Nominee Name (the "Depository") identified above (or to registered assigns), on the maturity date identified above, the principal amount identified above, and to pay interest thereon at the rate of interest per annum identified above, all subject to the provisions set forth herein regarding redemption prior to maturity. Interest shall be payable semi-annually on April 1 and October 1 of each year commencing on October 1, 2018 until the aforesaid principal amount is paid in full. Both the principal of and interest on this Bond are payable to the registered owner in lawful money of the United States. Interest payable on any interest payment date shall be paid by wire transfer to the Depository in whose name this Bond is registered on the Bond Register maintained by Associated Trust Company, National Association, Green Bay, Wisconsin (the "Fiscal Agent") or any successor thereto at the close of business on the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). This Bond is payable as to principal upon presentation and surrender hereof at the office of the Fiscal Agent.

For the prompt payment of this Bond together with interest hereon as aforesaid and for the levy of taxes sufficient for that purpose, the full faith, credit and resources of the District are hereby irrevocably pledged.

This Bond is one of an issue of Bonds aggregating the principal amount of \$14,600,000, all of which are of like tenor, except as to denomination, interest rate, maturity date and redemption provision, issued by the District pursuant to the provisions of Section 67.04, Wisconsin Statutes, for the public purpose of paying a portion of the cost of acquiring land and buildings and renovating and equipping buildings, as authorized by resolutions adopted on

October 2, 2017 and December 18, 2017. Said resolutions are recorded in the official minutes of the School Board for said dates.

The Bonds maturing on April 1, 2025 and thereafter are subject to redemption prior to maturity, at the option of the District, on April 1, 2024 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the District, and within each maturity by lot (as selected by the Depository), at the principal amount thereof, plus accrued interest to the date of redemption.

[The Bonds maturing in the years _____ are subject to mandatory redemption by lot as provided in the resolution awarding the sale of the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

In the event the Bonds are redeemed prior to maturity, as long as the Bonds are in book-entry-only form, official notice of the redemption will be given by mailing a notice by registered or certified mail, overnight express delivery, facsimile transmission, electronic transmission or in any other manner required by the Depository, to the Depository not less than thirty (30) days nor more than sixty (60) days prior to the redemption date. If less than all of the Bonds of a maturity are to be called for redemption, the Bonds of such maturity to be redeemed will be selected by lot. Such notice will include but not be limited to the following: the designation, date and maturities of the Bonds called for redemption, CUSIP numbers, and the date of redemption. Any notice provided as described herein shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice. The Bonds shall cease to bear interest on the specified redemption date provided that federal or other immediately available funds sufficient for such redemption are on deposit at the office of the Depository at that time. Upon such deposit of funds for redemption the Bonds shall no longer be deemed to be outstanding.

It is hereby certified and recited that all conditions, things and acts required by law to exist or to be done prior to and in connection with the issuance of this Bond have been done, have existed and have been performed in due form and time; that the aggregate indebtedness of the District, including this Bond and others issued simultaneously herewith, does not exceed any limitation imposed by law or the Constitution of the State of Wisconsin; and that a direct annual irrepealable tax has been levied sufficient to pay this Bond, together with the interest thereon, when and as payable.

This Bond is transferable only upon the books of the District kept for that purpose at the office of the Fiscal Agent, only in the event that the Depository does not continue to act as depository for the Bonds, and the District appoints another depository, upon surrender of the Bond to the Fiscal Agent, by the registered owner in person or his duly authorized attorney, together with a written instrument of transfer (which may be endorsed hereon) satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney. Thereupon a new fully registered Bond in the same aggregate principal amount shall be issued to the new depository in exchange therefor and upon the payment of a charge sufficient to reimburse the

District for any tax, fee or other governmental charge required to be paid with respect to such registration. The Fiscal Agent shall not be obliged to make any transfer of the Bonds (i) after the Record Date, (ii) during the fifteen (15) calendar days preceding the date of any publication of notice of any proposed redemption of the Bonds, or (iii) with respect to any particular Bond, after such Bond has been called for redemption. The Fiscal Agent and District may treat and consider the Depository in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever. The Bonds are issuable solely as negotiable, fully-registered Bonds without coupons in the denomination of \$5,000 or any integral multiple thereof.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Fiscal Agent.

No delay or omission on the part of the owner hereof to exercise any right hereunder shall impair such right or be considered as a waiver thereof or as a waiver of or acquiescence in any default hereunder.

IN WITNESS WHEREOF, the Racine Unified School District, Racine County, Wisconsin, by its governing body, having no official or corporate seal, has caused this Bond to be executed for it and in its name by the manual or facsimile signatures of its duly qualified District President and District Clerk, all as of the original date of issue specified above.

RACINE UNIFIED SCHOOL DISTRICT,
RACINE COUNTY, WISCONSIN

By: _____
Robert Wittke, Jr.
District President

By: _____
Matthew Hanser
District Clerk

Date of Authentication: January 8, 2018

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue authorized by the within-mentioned resolutions of the Racine Unified School District, Wisconsin.

ASSOCIATED TRUST COMPANY,
NATIONAL ASSOCIATION,
GREEN BAY, WISCONSIN

By _____
Authorized Signatory

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Name and Address of Assignee)

(Social Security or other Identifying Number of Assignee)

the within Bond and all rights thereunder and hereby irrevocably constitutes and appoints _____, Legal Representative, to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

(e.g. Bank, Trust Company
or Securities Firm)

(Depository or Nominee Name)

NOTICE: This signature must correspond with the name of the Depository or Nominee Name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

(Authorized Officer)

Board Consent Agenda



Board of Education

Racine Unified School District
3109 Mt. Pleasant Street, Racine, Wisconsin 53404

RACINE UNIFIED SCHOOL DISTRICT

MINUTES

Robert Wittke, Jr., President

Dennis Wisner, Vice President

Racine, Wisconsin

November 20, 2017

A meeting of the Board of Education of the Racine Unified School District of Racine County, Wisconsin was called to order at 6:30 p.m. on Monday, November 20, 2017.

3. ROLL CALL

The following Board members were present: Michelle Duchow, Michael Frontier, Matthew Hanser, John Heckenlively, Julie L. McKenna, Brian O'Connell, Dennis Wisner and Robert Wittke, Jr. Absent: Steven Hooper.

Also present: Rosalie Daca, Chief Academic Officer; Marc Duff, Chief Financial Officer; Erik Gallien, Deputy Superintendent; Lolli Haws, Superintendent; Julie Landry, Chief of Human Resources; Stacy Tapp, Chief of Communication and Community Engagement; Christopher Thompson, Executive Director of Curriculum and Instruction; Bryan Arnold, Director of Buildings and Grounds; and Elizabeth Tobias, Executive Assistant.

4. APPROVAL OF THE AGENDA

Mr. Hanser moved, Mr. O'Connell seconded, to approve the agenda as submitted.

Ms. Duchow moved, Mr. Heckenlively seconded, to make a friendly amendment to the agenda by extending the public speaking session of tonight's meeting to three minutes rather than just two. Ayes – 4 (Duchow, Frontier, Heckenlively, McKenna) Noes – 4 (Hanser, O'Connell, Wisner, Wittke). Absent – 1 (Hooper). Amendment failed. Motion stays as is.

Roll call vote on the main motion to approve the agenda as submitted: Ayes – 8 (Frontier, Hanser, Heckenlively, McKenna, O'Connell, Wisner, Wittke, Duchow). Noes – 0. Absent – 1 (Hooper). The motion to approve passed.

5. RECOGNITIONS

Ms. Emily Neubauer coordinated the Board of Education's recognitions for the evening. The Board recognized the Horlick Boys Volleyball team for an incredible season and success at the WIAA Boys State Volleyball Tournament. Members of the team include: Isaac Dombrowski, John Beesley, Eric Barrientez, Dylan Jensen, Connor Singer, Marquise Milton, Justin Michaels, Michael Tempesta, Henry Christensen, Liam Carls, Daniel Casares, Joe Verbeten, Gavan Pullen, Zach Romano, Matt Barrientez, and Kyle Semrad.

The Board also recognized three Case High School students and two Horlick High School students for their successes at the state level in their respective sports. The students were: McKenzie Sanchez for earning second place at the WIAA Division 1 State Girls Swimming and Diving Championships; Amaya Jerdee for her success at the WIAA Division 1 State Girls Swimming and Diving

Championships; Kaitlyn Francis for her success at the WIAA Division 1 State Cross Country Championships; Tyler Buckley-Hunter for his success at the WIAA Division 1 State Cross Country Championships; and Justin Norris for his success at the WIAA Division 1 State Cross Country Championships.

Finally, the Board recognized Building and Grounds staff team members Tim Pawzun and Tabitha Miller for assisting the District in earning Green Guard Certification and working closely with building service teams across the District to implement revised cleaning practices and chemicals necessary. The Board also recognized Marlo Short of Diversey, Inc. who has been a consulting partner in the implementation of new processes and development of training materials. There are no other Wisconsin districts the size of RUSD with this certification of using green-cleaning methods to improve cleaning and indoor air quality.

6. REPORTS ON STUDENT ACHIEVEMENT

a. ACT Preparation for High School Juniors

Dr. Thompson shared with the Board an update on the ACT prep classes for high school juniors. In an effort for juniors to improve ACT scores, students were able to take a practice test in late October. Eighty-six percent of all RUSD juniors participated in the practice exam. The District also implemented several late start dates in November, December, January and February to allow for juniors to attend four 90-minute content-specific preparation strategy sessions in Math, Science, Reading and English. In addition, high school staff were trained in ACT prep strategies during professional development days in October.

b. Resource Allocation to Improve School Results (RAISR) Teams

Dr. Haws updated the Board on the District's Resource Allocation to Improve School Results (RAISR) teams. These teams are led by Dr. Erik Gallien, Ms. Rosalie Daca, Mr. Soren Gajewski, Ms. Keona Jones, Ms. Wendy Rowley, Ms. Jakki Moga, and Ms. Kamaljit Jackson. Each team has been assigned a few schools, which are visited every two weeks. During the visit the team meets with the school's leadership team, reviews their student data, and does classroom walk-throughs. They are there to offer support to the principals and the school's leadership team. This is an example of what is happening this year to assist the schools in doing better on next year's State Report Card.

c. State Report Card Results

Dr. Haws shared the District's State Report Card results are embargoed until 12:01 a.m. Tuesday, but the preliminary results are very positive and encouraging. Administration looks forward to being able to show the community that the District is on the right path.

7. SUPERINTENDENT'S REPORT

a. Academies of Racine SEE Your Future Expo

Dr. Haws shared with the Board information on this year's SEE Your Future Expo, which was held on Tuesday, Nov. 14. During the event, RUSD freshman had the opportunity to explore more than 50 different careers and learn from area employers at the expo. Students met with employers and explored careers in fields like marketing, IT, health services, manufacturing, construction and engineering. A video highlighting the event was also shared.

b. 2017-18 Quarter 2 Referendum Spending Report

Mr. Arnold updated the Board on Quarter 2 referendum spending. From November 2014 through November 2017, the District has spent \$50,998,184 referendum dollars (43% major maintenance; 28% debt service; 20% new construction; 9% technology). Completed projects using referendum dollars over the summer and fall of 2017 included the Case High School track, Horlick High School library and science classroom addition, McKinley Middle School fire alarm replacement, and the parking lot replacement at Roosevelt Elementary School. Planned referendum funded projects from June to October 2018 include SC Johnson Elementary School parking lot and roof; Park High School roof and electrical;

Gilmore renovation transformation; and Horlick High School field house. Also included in the update is the District's goal to reduce the Facility Condition Index (FCI) from 18 to 14 over the next four years.

8. BOARD DEVELOPMENT

a. Family & Community Engagement: 2017-18 Strategies Report

Dr. Chrishirella Sutton shared with the Board an overview of the Family and Community Engagement department's strategic plan and work underway. The major efforts include the launch of RUSD Parent University, which offers workshops and engagement opportunities for all families; completion of the district-wide parent focus groups to garner input to guide the department's efforts; grand opening of the Title I Family Resource Center; and planning and preparation for the third annual Family Empowerment Day scheduled for April 28, 2018 at Case High School.

9. PUBLIC INPUT

Janine Anderson, 330 Shelley Drive, Racine, WI 53405

Spoke about the lack of communication Bull Fine Arts families have received in regards to the movement of making Gilmore the fine arts magnet school. Also concerned about the pace of the expansion.

Dr. Haws and Dr. Gallien responded to the comments. Fine arts elementary grades will add 25 students at each grade level next year. All current Bull Fine Arts 5th grade students will be able to automatically attend 6th grade at Gilmore Fine Arts next year (approximately 50 students). We anticipate approximately 60-80 students who will lottery in at 6th grade from across the District (totaling no more than 120 students). As administration developed the My School. My Choice. plan, we had to assure enough seats for middle school families. To slow down the expansion may result in not enough seats at the schools and overcrowding at other middle schools. All current 6th and 7th grade students currently at Gilmore will be automatically eligible to remain at Gilmore Fine Arts and also be able to choose any of the other middle school options, including their neighborhood K-8, Starbuck, Walden III or REAL. There have also been communications from parents urging the District to continue with the plans.

Hanna Beckwith, 1826 Jerome Boulevard, Racine, WI 53403

Spoke about the communication, or lack thereof, to Bull Fine Arts families. It is appreciated that administration is listening now, but wish it could have been done earlier in the process.

Ms. Tapp responded to the comments. The process has been collaborative from the start, engaging staff at all levels in the kaizen event. There are also various committees at the school and district level. Communication has been done at these different levels as well.

Bill Palmer, 3801 Indiana Lane, Racine, WI 53405

Spoke as a concerned parent about losing the culture of Bull Fine Arts and the current reputation of Gilmore. Recommended a general orientation or expo for families entering at grades K/1, 6 and 9 to learn more about their options.

Dr. Haws responded to the comments. Certain that the schools will have orientation opportunities once the lottery process is complete. In the past it had been a requirement to attend an orientation to enter into the lottery, but felt that it was unfair to the students and families.

Sonali Knotek, 3812 St. Clair Street, Racine, WI 53402

Spoke of concerns with transformation plan for Goodland Elementary.

Dr. Haws and Dr. Gallien responded to the comments. As a reminder, children already attending Goodland may continue to attend the school for the remainder of their elementary years. The change only affects incoming students as they will have to go to their new boundary school, Giese or Janes. The District is hopeful staff will remain at the school.

Kelly Miller, 3501 Daisy Lane, Racine, WI 53405

Spoke of concerns with transformation plan for Goodland Elementary. Hope that the District has given careful consideration to class size at Janes and Giese Elementary Schools.

Dr. Haws responded to the comments. As a reminder to the Board, if additional students attend Janes and Giese, the District will hire more teachers and add what is needed to accommodate the number of students.

Jenalee Mooney, W138 S8368 Holz Drive, Muskego, WI 53150

Spoke of concerns about phasing out Goodland Elementary.

Dr. Haws responded to the comments. Phasing out Goodland will not affect any children currently attending the school. As a reminder, we are asking the Board to vote on the boundary change now as the lottery opens on December 1 and we want to communicate to our families their choices within Unified. This change is in no way a reflection of the work that has been done at Goodland.

Kathy Dever, 8924 42nd Court, Kenosha, WI 53142

Spoke of the quality of professional development in the District.

Dr. Haws responded to the comments. Administration would be happy to share with the Board the professional development offered and feedback from staff. This year, there has been some repetition regarding English Language Arts as we've rolled out the new curriculum. This will ensure everyone hears the same information. Some of the development offered during early release days have been school-based.

Ryan Knudson, 3603 W. Manitoba Street, Milwaukee, WI 53215

Spoke on the recent actions made by the representative assembly of the Racine Educators United Council. The group expressed profound concerns regarding the implementation of standards-based grading at the elementary and middle school level; opposed the implementation of any start and end time changes for the next school year; and voted unanimously against sending only electronic report cards to families.

Dr. Haws responded to the comments. Approximately 85% of families are currently enrolled in Infinite Campus to see progress of their student every day. If a family wishes to receive a paper copy of a report card, they simply need to call the school.

Angelina Cruz, 720 S. Marquette Street, Racine, WI 53403

As President of the REA, spoke on the various initiatives and corrective actions implemented. There is a need for quality rather than quantity.

Beverly D. Hicks, 138 Perry Avenue, Racine, WI 53406

Spoke against the two-minute time constraint during public input.

Jeanne Schierstedt, 2714 Bate Street, Racine, WI 53403

Spoke of the lack of compensation for work being completed beyond the work day by teachers.

Steve Fausek, 813 Florence Avenue, Racine, WI 53402

Spoke against standards-based grading and the need to slow down implementation.

Dr. Haws and Ms. Daca responded to the comments for clarification. Over the summer there was a four day training due to the high failure rate in algebra courses. Out of the training, participants asked to be able to pilot standards based grading and try it for a year. The K-8 implementation has been exceptionally well done and are receiving positive feedback. Reminder that this shift is to ensure

students are mastering the content and not just receiving a grade. We will continue to offer training and ongoing support.

Becky Idstein, 6820 102nd Avenue, Kenosha, WI 53142

Spoke of the many different changes happening and request the District postpone staff computer refresh by one year.

Matt Montemurro, 3210 Valley Forge Street, Racine, WI 53404

Spoke in support of the Academies of Racine and the positive commerce and manufacturing meetings held at high schools.

10. ACTION ITEMS

a. Transfer of Property Ownership of the Property and Building Identified as Wind Point Elementary School Located at 290 Jonsue Lane in Wind Point

This transfer will be an opportunity for a developer to save the District the expense of tearing down the old Wind Point Elementary School. The recommendation is to approve the transfer of ownership of the former Wind Point Elementary School and property to TNG 29, LLC for the consideration of zero dollars (\$0) in exchange for the property and any and all site improvements, including demolition of the building, structures and utilities.

Dr. Frontier moved, Mr. O’Connell seconded, to approve the item. Ayes – 8 (Hanser, Heckenlively, McKenna, O’Connell, Wisner, Wittke, Duchow, Frontier) Noes – 0. Absent – 1 (Hooper). The motion to approve passed.

b. Roosevelt Elementary School Furniture Purchase

Working with Henrickson, the selected vendor for school furniture, and using the elementary school furniture “kit” selected as part of the new schools project, Roosevelt School will be receiving new furniture over Spring Break.

Mr. Heckenlively moved, Mr. Hanser seconded, to approve the purchase of a complete “kit” of new furniture for classrooms at Roosevelt Elementary School in an amount not to exceed \$244,726.56. Ayes – 8 (Heckenlively, McKenna, O’Connell, Wisner, Wittke, Duchow, Frontier, Hanser) Noes – 0. Absent – 1 (Hooper). The motion to approve passed.

c. Lawson Enterprise Resource Planning Software Subscription and Hosting Renewal

This subscription encompasses the District’s operational software including payroll, budget and finance, and human resources.

Mr. O’Connell moved, Mrs. McKenna seconded, to approve the Infor contract renewal for the Lawson Enterprise Resource Planning Software at a total cost of \$1,136,092 from November 2017 to June 2021; and approve the MHC annual hosting contract at a cost of \$36,000 for November 2017 to November 2018. Ayes – 8 (McKenna, O’Connell, Wisner, Wittke, Duchow, Frontier, Hanser, Heckenlively) Noes – 0. Absent – 1 (Hooper). The motion to approve passed.

d. Montessori Program Expansion and Boundary Changes

The Montessori program at Goodland Elementary School has proven to be a popular choice for families of RUSD and early student learning results are very positive. The program will expand one age level at a time starting fall 2018 to finally include students up to age 11-12. As the expansion occurs, additional space will be needed. The plan is to grow the Montessori program at Goodland and, over time, phase out the general elementary program one grade level per year beginning with kindergarten next in 2018-19. All current K-5 students will remain at Goodland until they move on to middle school. New and incoming 4K and kindergarten students will be assigned to either Giese or Janes Elementary School. Board members made comments on the program expansion.

Mr. O'Connell moved, Mr. Wisser seconded, to approve changes to boundaries at Giese and Janes Elementary Schools to include current Goodland Elementary School boundaries. Ayes – 6 (O'Connell, Wisser, Wittke, Duchow, Frontier, Hanser) Noes – 1 (McKenna). Abstain – 1 (Heckenlively). Absent – 1 (Hooper). The motion to approve passed.

e. Employee Handbook Revisions for Painter, Carpenter and Secretary/Clerk Employee Groups

The revised Employee Handbook incorporates language from the Carpenter, Painter, and Clerical addendums.

Mr. O'Connell moved, Mr. Wisser seconded, to approve the revised RUSD Employee Handbook. Ayes – 5 (Wisser, Wittke, Frontier, Hanser, O'Connell) Noes – 3 (Duchow, Heckenlively, McKenna). Absent – 1 (Hooper). The motion to approve passed.

11. BOARD CONSENT AGENDA

- a. **Board Meeting Minutes of October 16, 2017**
- b. **Executive Session Minutes of October 16, October 30, and November 6, 2017**
- c. **Special Board Meeting Minutes of October 30, 2017**
- d. **Public Hearing, Special Board Meeting and Work Session Minutes of October 2, 2017**
- e. **Public Hearing Minutes of October 16, 2017**
- f. **Work Session Minutes of October 2 and November 6, 2017**
- g. **Governance Committee Minutes of September 18, 2017**

Mr. Hanser moved, Mr. Wisser seconded, to approve the Board Consent Agenda. All were in favor. The motion to approve passed.

13. SUPERINTENDENT CONSENT AGENDA

- a. **Personnel Changes**
- b. **Monthly Financial Statements for October, 2017**
- c. **Overnight Field Trips**
- d. **Incidents by Students to Staff for October, 2017**
- e. **Youth Options Courses Spring, 2018**
- f. **Operational Expectation-3 (Facilities)**
- g. **Operational Expectation-5 (Financial Planning)**
- h. **Operational Expectation-11 (Learning Environment)**
- i. **Results-2 (Mathematics)**
- j. **Results-2 (Reading)**
- k. **Administrative Regulation 5127.24 (Racine Unified School District Choice Program Enrollment)**
- l. **Administrative Regulation 6151 (Instructional Arrangements)**

Mr. Hanser moved, Mr. Wisser seconded, to approve the Superintendent Consent Agenda. All were in favor. The motion to approve passed.

14. REFERRALS (None)

15. ADJOURNMENT

Mr. Hanser moved, Mr. O'Connell seconded, to adjourn. All were in favor. The motion to adjourn the meeting passed at 8:55 p.m.

Signed: _____
Matthew Hanser, Clerk

Signed: _____
Lolli Haws, Secretary



Racine Unified School District
3109 Mt. Pleasant Street, Racine, Wisconsin 53404

RACINE UNIFIED SCHOOL DISTRICT

OFFICIAL PROCEEDINGS

Robert Wittke, Jr., President

Dennis Wisner, Vice President

Racine, Wisconsin

November 20, 2017

A special meeting of the Board of Education of the Racine Unified School District of Racine County, Wisconsin was called to order at 6:02 p.m. on Monday, November 20, 2017, with the following members present: Michelle Duchow, Michael Frontier, Matthew Hanser, John Heckenlively, Julie L. McKenna, Brian O’Connell, Dennis Wisner, and Robert Wittke, Jr. Absent: Steven Hooper.

Also present: Lolli Haws, Superintendent; Andrea Rittgers, Director of Student Services; and Lori Ehnert, Executive Assistant.

The Board of Education met in open session for the sole purpose of considering a motion to adjourn to Executive Session per Wisconsin Statute 19.85(1)(f) and 120.13(1)(c)4.d for the purpose of Student Suspensions and Expulsions.

Mr. Heckenlively moved, Mr. O’Connell seconded, to adjourn to Executive Session. Ayes – 8 (Duchow, Frontier, Hanser, Heckenlively, McKenna, O’Connell, Wisner, Wittke). Noes – 0. Absent – 1 (Hooper). The motion passed. The meeting adjourned to Executive Session.

Student Suspensions and Expulsions

Student suspensions and expulsions were reviewed.

Dr. Frontier moved, Mr. Wisner seconded, to approve the October expulsions as presented. Ayes – 8 (Duchow, Frontier, Hanser, Heckenlively, McKenna, O’Connell, Wisner, Wittke). Noes – 0. Absent – 1 (Hooper). The motion to approve passed.

Mr. O’Connell moved, Mr. Wisner seconded, to approve partial expulsion report for November. Ayes – 8 (Duchow, Frontier, Hanser, Heckenlively, McKenna, O’Connell, Wisner, Wittke). Noes – 0. Absent – 1 (Hooper). The motion to approve passed.

Mr. Hanser moved, Mr. Heckenlively seconded, to approve the October suspension report as presented. Ayes – 8 (Duchow, Frontier, Hanser, Heckenlively, McKenna, O’Connell, Wisner, Wittke). Noes – 0. Absent – 1 (Hooper). The motion to approve passed.

Mr. Wisner moved, Mr. Heckenlively seconded, to adjourn. All were in favor. The motion to adjourn passed. The meeting adjourned at 6:20 p.m.

Signed: _____
Matthew Hanser, Clerk

Signed: _____
Lolli Haws, Secretary



Board of Education

Racine Unified School District
3109 Mt. Pleasant Street, Racine, Wisconsin 53404

RACINE UNIFIED SCHOOL DISTRICT

MINUTES

Robert Wittke, Jr., President

Dennis Wisner, Vice President

Racine, Wisconsin

November 15, 2017

A special meeting of the Board of Education of the Racine Unified School District of Racine County, Wisconsin was called to order at 4:38 p.m. on Wednesday, November 15, 2017.

2. ROLL CALL

The following Board members were present: John Heckenlively, Julie L. McKenna, Brian O'Connell, Dennis Wisner, and Robert Wittke, Jr. Absent: Michelle Duchow, Michael Frontier, Matthew Hanser, and Steve Hooper.

Also present: Rosalie Daca, Chief Academic Officer; Lolli Haws, Superintendent; and Elizabeth Tobias, Executive Assistant.

3. ACTION ITEMS

a. Overnight Field Trip

Dr. Haws presented the overnight field trip that has been submitted for Case High School students to participate in the Wisconsin High School Forensic Association's State Theater Festival. Board members voiced concerns as to why this trip was not brought to the Board at a regular business meeting. Ultimately, it is the teacher's responsibility to make sure all steps are completed in the approval process of the overnight field trip. Administration will re-publish the timeline and process for overnight field trips for staff.

Mrs. McKenna moved, Mr. Heckenlively seconded, to approve overnight field trip as listed. Ayes – 5 (Heckenlively, McKenna, O'Connell, Wisner, Wittke). Noes – 0. Absent – 4 (Duchow, Frontier, Hanser, Hooper). The motion passed.

4. ADJOURNMENT

Mr. Wisner moved, Mr. O'Connell seconded, to adjourn the special Board meeting. All were in favor. The motion passed. The special Board meeting adjourned at 4:47 p.m.

Signed: _____
Matthew Hanser, Clerk

Signed: _____
Lolli Haws, Secretary



Board of Education

Racine Unified School District
3109 Mt. Pleasant Street, Racine, Wisconsin 53404

WORK SESSION MINUTES

Robert Wittke, Jr., President

Dennis Wiser, Vice President

Racine, Wisconsin

November 27, 2017

On Monday, November 27, 2017, the Board of Education of the Racine Unified School District of Racine County, Wisconsin, called to order a Board Work Session at 6:09 p.m. Board members participated in a tour and dinner at Park High School prior to the work session.

The following Board members were present: Michelle Duchow, Michael Frontier, Matthew Hanser, John Heckenlively, Steven Hooper, Julie McKenna, Brian O’Connell, Dennis Wiser, and Robert Wittke, Jr.

Also present: Dennis Cheesebrow, Founder, TeamWorks International; Lolli Haws, Superintendent; Eric Gallien, Deputy Superintendent; and Elizabeth Tobias, Executive Assistant.

Welcome

Mr. Wittke welcomed everyone to the work session and provided opening comments regarding the evening’s work session and the need for candid discussion.

What is Working Well and What Could Be Better?

Mr. Cheesebrow facilitated a discussion of what has worked well thus far and what could be better. Mr. Cheesebrow also shared the following diagram on the Education Leadership System:



During this discussion, the following points were made:

- High dissonance versus low dissonance districts
 - High dissonance districts are where adults create the drama/noise/division.
 - Low dissonance districts do the opposite; they are below the radar and focus on getting the work done.
 - High dissonance districts generally do not improve student learning, only the low dissonance districts generally do.
- In order to operate with excellence in governance, management, and consultation, everyone must understand their roles and responsibilities, and operate in a relationship of partnership. These relationships are what holds the system together. If you do not have functional relationships, the system does not work well.
- Utilization of a Board Governance Toolbox
 - Included in the toolbox are the following:
 - District Policies (OE and B/SR)
 - District Strategic Plan
 - Guiding Change Documents
 - Robert's Rules
 - Partnership & Trust
 - Using the toolbox as a filter is a starting point.
 - If you do not communicate or have ongoing discussions with the Superintendent, you will not be able to build a relationship of trust.
- The role of the Board is not to act as a predictive quality assurance organization, but to focus on the goals and expectations of the District utilizing monitoring reports. The Board's major focus should be on student achievement.
- The District has had and is currently experiencing the results of excellence in management, but the Board needs to recognize, respect, and acknowledge that as it will create the conditions for excellence in governance.

Discussion on ideas to improve practices and increase trust and partnership between the Board and administration the following ideas were shared:

- Presume positive intent without defensiveness
- Assess and refine if needed the Board committee structure
- Regular Board member/Superintendent meetings
- Using the Board Governance Toolbox
- Relevant and focused work session presentations without unnecessary information
- Use of a Board meeting feedback sheet/protocol
- Superintendent weekly updates
- Build trust through the use of structure, protocols and processes (Robert's Rules, policies, etc.)

Mr. Cheesebrow suggested using these ideas for 90 days (until February 27, 2018). Perhaps the Executive Committee can look further into and determine which practices should be implemented by the Board. He encouraged the Board pull out the policies or Guiding Change documents related to any information that is presented; keeping these tools available for reference. Mr. Cheesebrow also encouraged the Board to be more consistent and disciplined in using these tools as well as Robert's Rules. He also reiterated the importance of talking with one another and with the Superintendent.

One of the roles of the Superintendent is to provide the Board with recommendations. The question that the Board should ask of the recommendation is "Does the proposal achieve our goals? Does it meet the results or policies?"

Public Engagement Framework

Mr. Cheesebrow facilitated a brief discussion on public engagement using the IAP2 framework.

Highlights from the discussion include:

- The role of public input at Board business meetings; it is a meeting of the Board in public, not a meeting of the public. Public input at a business meeting is a subset of public engagement.
- Public engagement is what are the specific strategies that you are asking the district to engage in; most of the time it is administration developing processes of public engagement.
- The IAP2 framework has five levels of public participation, which are inform, consult, involve, collaborate, and empower. Each of these strategies has a promise to the public. This framework can be used internally as well.
- Consideration that the Board open up for public input at the end of a work session, but the comments must be confined to what was discussed at the session. This would allow for the public to give feedback on what was just discussed.
- Because the district does not have a robust public engagement, the Board is using public input as the only means for engagement, which is a poor substitute. The Board is better off in taking the time to develop public engagement strategy where public input would be a part of the repertoire.

At the next session, the Board can assess how well this is going. Questions that Mr. Cheesebrow will ask: Is the Board building trust in partnership?; Are you more effective?; Are you operating closer to your B/SR policies?

Adjourn

The session ended at 8:58 p.m.



Board of Education

Racine Unified School District
3109 Mt. Pleasant Street, Racine, Wisconsin 53404

WORK SESSION MINUTES

Robert Wittke, Jr., President

Dennis Wiser, Vice President

Racine, Wisconsin

December 4, 2017

Robert Wittke, Jr., President of the Board of Education of the Racine Unified School District of Racine County, Wisconsin, called to order a Board Work Session at 6:04 p.m. on Monday, December 4, 2017.

The following Board members were present: Michelle Duchow, Michael Frontier, Matthew Hanser, John Heckenlively, Steven Hooper, Julie L. McKenna, Brian O'Connell, Dennis Wiser (arrived at 7:30 p.m.), and Robert Wittke, Jr.

Also present: Lolli Haws, Superintendent; Marc Duff, Chief Financial Officer; Rosalie Daca, Chief Academic Officer; Julie Landry, Chief of Human Capital; Stacy Tapp, Chief of Communications and Family Engagement; Dan Thielen, Chief of Secondary Transformation; Bryan Arnold, Director of Building and Grounds; Keri Hanstedt, Executive Director of Employee Relations; Wendy Rowley, Executive Director of Accountability; and Elizabeth Tobias, Recording Secretary.

1. **RUSD State Report Card**

Mr. Wittke made a few opening comments regarding the great work the District has done to gain 11 points over last year's report card. Dr. Haws and Ms. Rowley presented to the Board information on the state report card including a comparison of scores from last year to this year. The District is only 4 points away from the "Meets Expectations" category, which should be obtainable.

Highlights from the presentation included:

- Last year, the District put in place a plan to address four key areas: improving the testing environment and participation; data quality, attendance, graduation and drop-out rate; resources to improve school results; and instructional strategies for student achievement.
- There was a decrease in the number of schools in "Fails to Meet Expectations" from 11 to 6.
- Ten schools went up ratings (3 schools moved up two categories).
- Increased number of schools in "Exceeds Expectations" from 4 to 6.
- There are four priority areas in the report card: Student Achievement, District Growth, Closing Gaps, and On-Track & Postsecondary Readiness. For Closing Gaps, the District was above the state score. The District was down by 2 points in Student Achievement, but increased in all other areas.
- Graduation rate increased, but the data that is used in the report card includes the previous five years. Unfortunately, it is not reflecting where the District is right now as the report card is averaging the trend back five years.

Discussion and questions:

- How will *My School. My Choice.* effect the scorecard in the future? (*My School. My Choice.* will start to show up in the report card two years from now. The report card you will review next year will be results from what we are doing right now.)
- In the report card, there was a different assessment used for 2014-15 in calculating student achievement.
- How much did the cleaning of data attribute to the 11 points gained in the report card? (That would be hard to say. The cleaning of data plays more into the graduation and attendance data.)
- Discussion on attendance rate versus absenteeism rate.
- What are the 4 year and 6 year cohort graduation rates? (The four year cohort includes those students that graduate within four years. The six year cohort includes special education students as they can receive education until they are 21 years old.)
- Did we get more points for better attendance? (Chronically absent students dropped slightly and remains a concern. We have more students who are missing more than 16% of the time; approximately 29 days absent.)
- With the start of Parent University, is one of its goals to increase attendance? (Not sure if that is one of the highlighted areas, but will suggest for next year.)
- Has attendance at Knapp School improved? (Reminder that the attendance is the percentage of children who attend every day. Absenteeism is the number of children who are out 20-30 days.)
- The schools with Circles of Support, how were the schools identified to participate? (The first school was Dr. Jones where we had a significant school climate issue. Last year we included a few more schools including the middle schools. Those are based on the number of office referrals.)
- In regards to ACT preparation, are we covering more children or reaching more children? (This was a big component of the DPI waiver; the District could not reach every child. There has been pretty good attendance thus far. Now that the students have already taken the ACT practice test, we are predicting the scores will go up.)
- Why does the report card focus on 3rd grade? (In English Language Arts, third grade is an indicator of future success in reading. Research states that if you read proficiently in third grade, chances are you will graduate high school. 8th grade is the same thing with algebra, it is a predictor of success in high school math.)

2. Monitoring Section of the School Board's Coherent Governance Policy

a. OE-6 (Financial Administration - External)

Mr. Duff and Ms. Julie Schattner, Director of Finance, presented the OE-6 monitoring report (Financial Administration – External). This OE paraphrases the audit report findings in a summary and understandable format. The report is for July 1, 2016 to June 30, 2017 following completion of the annual financial audit. The independent audit was performed by Schenck, SC. There were no identified material weaknesses and no internal control findings.

This year's recommendations included the following: develop internal control policies and procedures related to funds and bank accounts at schools; update the processes for recording transactions in the Private Purpose Trust Fund (Fund 72) to better reflect the actual activity; and have the HR, Finance, and Special Education departments work together to enhance controls over the licensing of all staff.

Discussion and questions:

- Could the auditor recommend another district for us to review their processes? (Every district is different. We use the auditor's recommendations as a guideline, but we want to have a gentler approach to making the changes when it comes to the schools.)
- In making changes at the school level, are you piloting the changes first? (Yes, we are piloting the changes at the high school level, which will help to make sure it can be done across the board. We also want to take a look at standardizing how schools charge for programs, classroom fees, etc.)
- We don't want to take anything away from the schools. We want to make the transaction accountable according to state statutes and administrative regulations. The District also adjusted the fee schedule providing more money to the schools so that the schools do not have to focus on fundraising.
- Does this include online fundraising such as Go Fund Me accounts? (There is some freelance fundraising going on. But we have to be careful and thoughtful of how those funds are used for, especially purchases for the classroom.)
- What is typically in Fund 21? (Donations received such as the grants from Project CAPE and donations from PTA's. Ultimately all fundraising should go through Fund 21, but it is a lot of work to implement. We want to make it very clear where the money went and where it came from.)
- Suggest adding a commendation for a job well done to the acceptance of this monitoring report. There was consensus from the Board to include language similar to the following: The Board appreciates a job well done in meeting the standards of the audit.

3. Olympia Brown Demolition Project Update

Mr. Arnold gave a brief update to the Board on the Olympia Brown property. Thus far, the District has received two proposals on the property. Right now we are evaluating them and giving them to legal counsel for review. The Board can expect a recommendation for the Dec. 18 business meeting.

4. Quarterly Contractor Employment Report

Dr. Haws gave a brief history of how the quarterly contractor employment report originated. In order to get the referendum passed, the Board promised the community it would be transparent in how the monies were spent. At that same time, the Board also wanted reports, on a continuing basis, that would inform them of the efforts to hire locally as well as use minority-owned businesses for any major construction projects. At previous meetings, Ms. Riley would present to the Board a contractor employment report.

This past quarter (September-November), the District hasn't had any major construction projects, therefore, there is no quarterly report. Dr. Haws suggested the quarterly reports on local/minority contractors be discontinued until the District has major work proposed before the Board (for example, a multi-million dollar project).

Discussion and questions:

- Which OE is this report tied to? (OE-3 Facilities).
- Discussion if this could be an annual report to the Board. Previously, goals were met regarding local hiring and minority hiring, but the District did not meet the minority contractor goal.
- Maybe there could be a dollar threshold to determine when a report is required.
- Is there a way to track the contractors that have performed successfully under these programs? (Yes, we include that language in the request for bids, although we do not have a mechanism to verify the information. One of the factors considered is local employment.)

5. Energy Efficiency Performance Contracts for Mitchell Campus, Fratt Elementary School, and Community Pathways Campus

a. Approval of Performance Contractor

b. Debt Financing for Projects

Mr. Arnold presented on the energy efficiency performance contracts for Mitchell campus, Fratt, and the Community Pathways Campus. All of this work will include air conditioning and heating for the buildings. Highlights of the presentation included:

- Community Pathways Campus project will cost approximately \$2,473,000. The recommendation will be to award the project to Johnson Controls. It will include an entirely new heating and cooling system for the campus with the exception of what was done this summer (Turning Point Academy and Virtual School).
- Fratt Elementary, original portion of the building, will cost approximately \$3,831,000. Recommendation of the contract to be awarded to Trane. The system has been endorsed by the District's HVAC team.
- Mitchell K-8 campus project will cost approximately \$8,317,000. This project is similar in scope to the Jerstad-Agerholm project. Recommendation of the contract to be awarded to Trane. This project will include the entire campus.
- Next steps
 - Ask the Board to approve the performance contracts at the Dec. 18 business meeting. The authority by the state to use performance contracts will expire on Dec. 31, 2017.
 - The Board would also need to approve the debt financing as well as approve the energy efficiency levy linked to debt payments for each project. Bond financing will be available. Estimated debt service cost is \$0.11 per \$1,000 on the tax levy.

Discussion and questions:

- Regarding Mitchell campus, it has a steam system now? (It has two portions, one that is all steam and the other is a small section that is hot water. Both will be replaced.) The steam system requires a boiler engineer and a hot water system eliminates that need, correct? (We are not eliminating the need, but rather changing the class of the boiler engineer license.)
- Out of the \$14.6 million, how much is performance? (As long as the overall project has savings to cover the cost.)
- Is there going to be a portion that is not covered by the performance contract? (Right now we are not looking at bringing it in separately – just under the one. Even with adding the cooling component, we are saving enough to cover the entire project.)
- After Jan. 1, the District will lose the ability to do projects that go above the revenue cap. For future construction projects, we would possibly have to go to a referendum. WASB is actively lobbying the state legislature and is hopeful this will come back in the next year.

6. 2017-18 School Calendar Amendment

Ms. Daca and Ms. Hanstedt presented to the Board an amendment to the 2017-18 school calendar. Last year, the high school assessment schedule included four days of exams (2 per day) with a two hour early release for each of those days. This year, there are enough minutes in the first semester to repeat the same schedule. However, for the second semester exams, the District does not have enough time. The District is planning to use the inclement weather day (6 hours) built into the formula that is used for the state to account for the number of hours of instruction.

If there is an inclement weather day during the first semester, school will be held on February 19 (Winter Break Day). If there is an inclement weather day after first semester, a make-up day would have to be added on at the end of the school year. This change will be built into the calendar next year. The Board does not need to vote on this change.

Mr. Wiser arrived at 7:30 p.m.

7. WASB Convention Reminder

Mr. Wittke reminded the Board that the WASB Convention will be held on January 16-19, 2018. He encouraged the Board to attend. Mr. O'Connell is the WASB delegate and Ms. Duchow is the WASB alternate delegate.

8. Work Session Recap

Mr. Wittke provided a brief recap of this evening's work session. The Board will be voting on the energy efficiency performance contracts and the Olympia Brown property at the Dec. 18 business meeting. At the work session with Mr. Cheesebrow, there was some discussion about the utilization of a feedback form. Please send any ideas regarding this form directly to Mr. Wittke.

The session ended at 7:32 p.m.



Racine Unified School District
3109 Mt. Pleasant Street, Racine, Wisconsin 53404

Board of Education

BOARD OF EDUCATION GOVERNANCE COMMITTEE October 30, 2017

MINUTES

1. **Call to Order**

The Racine Unified School District Board of Education Governance Committee meeting of Monday, September 18, 2017, was called to order at 5:00 p.m. Roll call was taken by Ms. Tobias. The following Committee members were present: Matthew Hanser, Brian O'Connell, Dennis Wisner and Robert Wittke, Jr. (arrived at 5:04 p.m.) Others present included Marc Duff, Chief Financial Officer; Mike Frontier; John Heckenlively (arrived at 5:13 p.m.); Julie McKenna; Lolli Haws, Superintendent; Julie Schattner, Director of Finance; and Elizabeth Tobias, Executive Assistant.

2. **Approval of Governance Committee Minutes of September 18, 2017**

Mr. O'Connell moved, Mr. Wisner seconded, to approve minutes of the September 18th Governance Committee meeting. All were in favor. The minutes were approved.

3. **Review of Operational Expectation – 6 (Financial Administration - Internal)**

Mr. Duff reviewed OE-6 with the Committee including the interpretation of the policy and the indicators used to determine compliance. Changes were discussed to Sections 6.15 and 6.16. The first indicator under Section 6.15 will be dropped. The words "and Balance Sheet" under Section 6.16 were recommended for deletion. It was also determined using bid information is reasonable proof of Section 6.17.

Mr. Wisner left the meeting at 5:43 p.m.

4. **Review of Referrals from Previous Board of Education Meetings**

a. **Referral #07-2017 (Public Speaking to Three Minutes)**

Mrs. McKenna gave a brief overview of the referral. Public speaking used to be in the policy handbook, but is no longer there. A few years ago the Board voted to lower the amount of public speaking time from five minutes to three.

Discussion regarding having the Board work with Mr. Cheesebrow to determine public engagement. This would need to be brought to the entire Board for further discussion.

b. **Referral #08-2017 (Liaison with Governmental Agencies)**

Mr. Hanser made a motion to receive and file this referral. Mrs. McKenna shared the current policy still reflect committees that have not been renewed. Perhaps the Board needs to discuss this further. Mr. O'Connell stated this topic should be held-over, if possible, for more discussion. Mr. Wittke suggested the Committee review the Board's Annual Calendar and discuss when there should be something acted on relative to this subject. This could also be in conjunction with local, state and federal time of action.

5. **Discussion on Progress Monitoring of Strategic Plan and Goals**

Due to time constraints, this agenda item will be deferred to the next Committee meeting.

6. **Set Next Meeting Date and Agenda**

Mr. Hanser will work on finding a date for the next meeting in December.

Potential topics for future Governance Committee meetings are:

- Discussion on progress monitoring of strategic plan and goals
- Board annual work calendar

7. **Adjourn**

Mr. Hanser declared the Committee meeting adjourned at 6:11 p.m.

Respectfully submitted,

Matt Hanser, Chair

Dennis Wisner

Brian O'Connell

Robert Wittke, Jr., Ex Officio

1 **WISCONSIN ASSOCIATION OF SCHOOL BOARDS, INC.**
2 Madison, Wisconsin
3 November 22, 2017
4

5 **REPORT TO THE MEMBERSHIP ON 2018 RESOLUTIONS**
6 WASB Policy & Resolutions Committee
7 Mary Jo Rozmenoski, Black River Falls School Board, Chair
8
9

10 ***Resolution 18-01: Technical Resolution—Revisions to Repeal Outdated Resolutions***

11
12 **a) Repeal Resolution 1.24 (a) *190 Days***

13
14 **Rationale:**

15
16 The Policy and Resolutions Committee recommended this change noting that Wisconsin
17 public school boards are no longer subject to a statutory requirement to hold school for at
18 least 180 days each year. (2013 Wisconsin Act 257 repealed the requirement that school
19 boards must hold school for at least 180 days each year, but left in place the requirement
20 that schools must schedule and hold a minimum number of hours of direct pupil
21 instruction, as further specified by grade level.)
22

23 **b) Repeal Resolution 4.11 *Binding Arbitration Law Changes***

24
25 **Rationale:**

26
27 2011 Wisconsin Act 10 made significant changes to the collective bargaining law
28 affecting school district employees. The statutes no longer contain any final and binding
29 impasse resolution procedures for parties that were unable to settle a dispute relating to
30 one or more issues regarding wages, hours and conditions of employment to be included
31 in a new collective bargaining agreement after a reasonable period of negotiation. The
32 repeal of interest arbitration by Act 10 means that a school district employer can now
33 unilaterally implement its final offer on total base wages at the point of impasse.
34

35 **c) Repeal Resolution 4.12 *Impasse Resolution Procedures***

36
37 **Rationale:**

38
39 2011 Wisconsin Act 10 made significant changes to the collective bargaining law affecting
40 school district employees. There are no longer any binding impasse resolution procedures
41 contained in the statutes (see above). The repeal of interest arbitration by Act 10 means that
42 a school district employer can now unilaterally implement its final offer on total base wages
43 at the point of impasse.
44

1 **d) Repeal Resolution 4.14 Award Settlements**

2
3 **Rationale:**

4
5 2011 Wisconsin Act 10 made significant changes to the collective bargaining law affecting
6 school district employees. There are no longer any binding impasse resolution procedures
7 contained in the statutes. The repeal of interest arbitration by Act 10 means that a school
8 district employer can now unilaterally implement its final offer regarding total base wages at
9 the point of impasse.

10
11 **e) Repeal Resolution 4.18 Total Compensation Increases**

12
13 **Rationale:**

14
15 2011 Wisconsin Act 10 made significant changes to the collective bargaining law affecting
16 school district employees, including providing that total base wages is the only mandatory
17 subject of bargaining and that all subjects other than total base wages are prohibited subjects
18 of bargaining. (“Total base wages” excludes any other compensation, which includes, but is
19 not limited to, overtime, premium pay, merit pay, performance pay, supplemental
20 compensation, pay schedules and automatic pay progression.). In addition, under Act 10,
21 there are no longer any binding impasse resolution procedures contained in the statutes. The
22 repeal of interest arbitration by Act 10 means that a school district employer can now
23 unilaterally implement its final offer regarding total base wages at the point of impasse.

24
25 **f) Repeal Resolution 4.19 Health Care Bargaining**

26
27 **Rationale:**

28
29 2011 Wisconsin Act 10 made significant changes to the collective bargaining law affecting
30 school district employees, including providing that total base wages is the only mandatory
31 subject of bargaining and that all subjects other than total base wages are prohibited subjects
32 of bargaining. (“Total base wages” excludes any other compensation, which includes, but is
33 not limited to, overtime, premium pay, merit pay, performance pay, supplemental
34 compensation, pay schedules and automatic pay progression.)

35
36 **g) Repeal Resolution 5.53 Welfare Benefits**

37
38 **Rationale:**

39
40 Because of the enactment of both state and federal welfare reform legislation following the
41 adoption of this resolution, the conditions that gave rise to the concerns underlying this
42 resolution have been greatly diminished.

1 **Resolution 18-02: *Hours of Instruction***

2
3 **Repeal and Recreate Resolution 1.24**, as follows:

4
5 The WASB supports legislation to allow local school districts maximum latitude
6 in determining what meets the total hours of direct pupil instruction required by
7 the statutes in order not to be penalized by a reduction in state aid.

8
9 **Rationale:**

10
11 2013 Wisconsin Act 257 repealed the requirement that school boards must hold school
12 for at least 180 days each year, but left in place the requirement that schools must
13 schedule and hold a minimum number of hours of direct pupil instruction, as further
14 specified by grade level. Currently, each school board must annually schedule at least
15 437 hours of direct pupil instruction in kindergarten; at least 1,050 hours of direct pupil
16 instruction in grades 1 through 6; and at least 1,137 hours of direct pupil instruction in
17 grades 7 to 12.

18
19 The WASB's existing resolution 1.24 was last amended at the 2014 Delegate Assembly
20 in order to allow the WASB to support repeal of the statutory requirement that each
21 school board hold school for at least 180 days each year. In place of the 180-day
22 requirement, the 2014 amendment supported allowing school boards to be governed only
23 by the hours of direct pupil instruction required by statute. At the time there was a
24 concern on the part of lawmakers and the DPI that without the minimum number of days'
25 requirement in statute, schools needed some minimum instructional requirement in order
26 to receive their full share of state aid.

27
28 Since then, however, a number of school boards have sought flexibility from the hours of
29 direct pupil instruction requirements.

30
31 For example, a pair of companion bills, Assembly Bill 221 and Senate Bill 105, have
32 been introduced this legislative session to create a pilot program under which certain
33 school districts would not be required to provide the minimum number of hours of direct
34 pupil instruction required by state statutes. Specifically, these bills would create a pilot
35 program for the 2018-19 and 2019-20 school years and would apply to school districts
36 located within CESA 6 that received a rating of significantly exceeds expectations or
37 exceeds expectations on the most recent school and school district report cards.

38
39 The WASB's existing resolution 1.24 has prevented the WASB from taking a position on
40 these bills. This resolution would allow the WASB to support these bills. But more
41 broadly, it would also allow the WASB to explore ways for local school districts to
42 maximize local control over how they meet the hours of instruction requirements without
43 risking the loss of their state aid.

1 **Resolution 18-03: *High-Poverty Aid***

2
3 **Repeal and Recreate Resolution 2.35 (a)**, to read as follows:

4
5 The WASB supports legislation allowing each local school district eligible to receive high
6 poverty aid to receive such aid as a categorical aid outside the revenue limits.

7
8 **Rationale:**

9
10 School districts with more than 50 percent of their pupils eligible for free and reduced price school
11 meals are eligible to receive high poverty aid. This high poverty aid is currently received as a general
12 (not categorical) aid by eligible districts. This means it is received subject to revenue limits, so it must
13 be used by the districts that receive it to offset/reduce their gross property tax levy. It cannot be used
14 to provide additional programming to address the needs of students from poverty backgrounds. This
15 resolution would put the WASB on record as supporting providing this aid in all cases as a categorical
16 aid outside of revenue limits.

17
18
19 **Resolution 18-04: *FTE Calculation for Revenue Limit***

20
21 **Amend** existing **Resolution 2.41 (i)** as follows:

22
23 (i) The WASB supports legislation to provide that a district's revenue limit ~~would~~
24 be determined prior to the start of the district's fiscal year. In addition, the WASB
25 supports ~~allowing each school district with declining enrollment to use a five-year~~
26 ~~rolling average of enrollment based on enrollment data from the previous five~~
27 ~~fiscal years to calculate its annual revenue limit, allowing each school district~~
28 ~~with increasing or stable enrollment to use a three-year rolling average of~~
29 ~~enrollment based on enrollment data from the previous three fiscal years to~~
30 ~~calculate its annual revenue limit~~ changing the revenue limit FTE membership
31 calculation to allow a district to use either a 5-year rolling average, 3-year rolling
32 average or the current year membership, whichever is greater, and allowing a
33 district to apply to the Department of Public Instruction for emergency aid or
34 revenue flexibility.

35
36 **Rationale:**

37
38 This resolution would allow the WASB to support legislation allowing local districts to
39 determine what time frame they wish to use to calculate enrollment (membership) for
40 revenue limit purposes. Specifically, this amendment would place the WASB in support
41 of a change that would enable growing enrollment districts to access revenue
42 commensurate with their current enrollment without delay, while also expressing the
43 WASB's support for allowing declining enrollment districts the option to use either a
44 three-year rolling average (i.e., current law) or a five-year rolling average in calculating
45 their membership for revenue limit purposes in order to cushion the effects of declining
46 enrollment. Each district could chose the approach most advantageous to it.

1 **Resolution 18-05: *Voucher Transparency***

2
3 **Create Resolution 2.70 (k) as follows:**

4
5 The WASB supports legislation to require property tax bills to include information from
6 the school district in which the property is located regarding the dollar amount (and
7 percentage change) of the net reduction in state aid, if any, to the school district between
8 the current year and the previous year as a result of pupils enrolled in the statewide
9 voucher program, the Racine voucher program, the Milwaukee voucher program, or the
10 special needs voucher program, as well as the amount of the increase, if any, in property
11 taxes levied on all property in the school district in the current year and the amount of tax
12 levied on the individual property in the current year, as the result of pupils enrolled in the
13 statewide voucher program, the Racine voucher program, the Milwaukee voucher
14 program, or the special needs voucher program.

15
16 **Rationale:**

17
18 This resolution would allow the WASB to support legislation that attempts to inform property
19 taxpayers about the impact vouchers are having on their public schools' state aid and on their
20 property taxes. A pair of bills—Senate Bill 183 and Assembly Bill 267—introduced in the
21 current legislative session would require property tax bills to include information from the school
22 district where the property is located regarding the dollar amount (and percentage change) of any
23 net reduction in state aid, as a result of pupils enrolled in the state's four voucher programs. As
24 written, this resolution would support this legislation in the form it was introduced and would
25 additionally support including information on property tax bills about the change in the school
26 district's property tax levy, if any, as the result of voucher-related aid reductions and information
27 about the tax impact on individual parcels of property, if any, as the result of voucher-related aid
28 reductions.

29
30
31 **Resolution 18-06: *Per Pupil Reimbursement for Transporting Voucher Pupils***

32
33 **Create Resolution 3.55 (a) as follows:**

34
35 The WASB supports legislation to require the state to fully fund as a categorical aid the
36 cost to local public school districts of providing transportation to pupils who attend
37 private and parochial schools through a taxpayer funded voucher program.

38
39 **Rationale:**

40
41 Under current law, pupils who attend private or parochial schools through the assistance of
42 taxpayer-funded vouchers may be eligible to have their transportation to and from their voucher
43 school provided and paid for by the public school district in which they reside. This resolution
44 calls for legislation to have the state fully reimburse school districts for their transportation costs
45 related to voucher pupils. It applies only to those private school pupils receiving taxpayer-
46 funded vouchers because the vouchers of pupils who began participating in 2015-16 or later are
47 funded by deducting state aid from the public school district providing the transportation.

1 **Resolution 18-07: *Safe and Welcoming School Environments***

2
3 **Create:** The WASB is committed to ensuring that all students are able to learn and thrive in a
4 safe environment and supports providing an equal opportunity for all students and all school
5 district employees to develop and reach their full potential.
6

7 **Rationale:**

8
9 This resolution would affirm WASB support for the idea that school districts have an obligation
10 to support all students and staff by providing a safe, positive environment where students and
11 staff can excel academically and professionally.
12

13
14 **Resolution 18-08: *WIAA Autonomy***

15
16 **Create:** The WASB supports the autonomy of WIAA to govern itself and to determine
17 regulations and standards for athletics and student eligibility while taking into account the input
18 of its member schools. The WASB opposes legislative efforts to impose explicit or implicit
19 mandates on the WIAA or its member schools.
20

21 **Rationale:**

22
23 This resolution would affirm WASB support for the autonomy of the Wisconsin Interscholastic
24 Athletic Association (WIAA) as a voluntary membership, private, non-profit association amid
25 legislative attempts to meddle in the affairs/policies of the WIAA. These legislative efforts have
26 included attempts to impose mandates on the WIAA by legislation to limit or prohibit public
27 schools from participating in WIAA activities, from being members of the WIAA or from paying
28 dues to the WIAA, unless the WIAA takes or refrains from certain actions.
29

30
31 **Resolution 18-09: *Implementation of NCSL “No Time to Lose” Report Recommendations***

32
33 **Create:** The WASB petitions the Legislature and the Department of Public Instruction to jointly act
34 with deliberate speed to implement the recommendations of the “No Time to Lose” report produced by
35 the National Conference of State Legislatures. The recommendations include that our state should:
36 study and learn from top performing national and state educational systems; create a statewide vision
37 for reform; benchmark Wisconsin education policies against those of high performing countries and
38 states; and begin by focusing on one priority area of reform. The WASB further encourages the
39 Legislature and the Department of Public Instruction to include school board members throughout the
40 process of investigating and implementing these reforms.
41

42 **Rationale:**

43
44 This resolution expresses WASB support for and involvement in implementing the recommendations
45 of the bipartisan “[No Time to Lose](#)” report issued by the National Conference of State Legislatures
46 (NCSL). This report stems from a study of high performing educational systems throughout the world
47 that attempted to learn how what is being done in those high performing systems might inform

1 educational reform efforts here in the U.S. Despite numerous state-by-state and largely piecemeal
2 reform efforts, the report finds that most state educational systems in the U.S. are falling behind the
3 highest performing nations in a number of international comparisons and as measured by our own
4 National Assessment of Educational Performance (NAEP), leaving the U.S. underprepared to succeed
5 in the 21st century global economy. The “No Time to Lose.” report contains a number of
6 recommendations for how to get started with reform. A second report, currently under development,
7 focuses on implementation of the first report. To conduct this study, the NCSL formed a bipartisan
8 group (that included Wisconsin state Sen. Luther Olsen) which made recommendations for improving
9 our state education systems.

10
11
12 **Resolution 18-10: Local Fiscal Control**

13
14 **Amend** existing **Resolution 1.00 Local Fiscal Control** as follows:

15
16 The WASB believes that the locally elected school board should have control of its local fiscal
17 affairs ~~and, within broad state guidelines, be allowed to manage its affairs with provision for~~
18 ~~interdistrict cooperation.~~ The WASB opposes ~~constitutional amendments~~ efforts that
19 undermine the fiscal authority of local elected officials, diminish the role of citizens in the
20 local decision-making process, and hinder the ability of Wisconsin public school boards to
21 address the changing needs of their students.

22
23 **Rationale:**

24
25 This proposed amendment would strengthen the WASB’s position on local control by removing
26 certain qualifying language from the existing resolution. Often the WASB Government Relations staff
27 falls back on local control as the reason we take the positions we do on legislation. Because local
28 control is a bedrock principle of the WASB, clearer and unqualified language may be appropriate. It is
29 also questionable why the WASB’s resolutions would be specific only to constitutional amendments to
30 undermine local fiscal authority when the threats to this authority more commonly come from
31 legislation introduced by state lawmakers.

32
33
34 **Resolution 18-11: Recovery School Districts**

35
36 **Amend** existing **Resolution 1.01 Preserving Powers (b) Recovery School Districts** as follows:

37
38 The WASB opposes the creation in Wisconsin of a recovery school district or a similar ~~state-~~
39 ~~level~~ authority designed to take over public schools or school buildings.

40
41 **Rationale:**

42
43 This amendment addresses the current Opportunity School Partnership Program (OSPP) law and the
44 question of whether a school district takeover mechanism the OSPP law creates based around local
45 officials would qualify as a “state-level” authority.

1 2015 Wisconsin Act 55 (the 2015-17 state budget) established the Opportunity Schools and
2 Partnership Program (OSPP). Student achievement and other factors determine whether public schools
3 in a given school district are eligible for transfer into the OSPP program. Under current law, the OSPP
4 law applies to a school district that: (1) has a pupil membership greater than 15,000; (2) was assigned
5 to the lowest performance category on the report cards published for the district in the 2 most recent
6 school years; and (3) received intra-district transfer aid in the same two most recent school years.

7
8 Under the OSPP law, an opportunity school is managed and controlled by a program commissioner
9 appointed by the applicable county executive, not a state-level officer or authority. No schools have
10 been transferred into the program to date, and the State Superintendent of Public Instruction indicated
11 that no schools will be eligible for transfer into the program in the 2017-18 school year. In the 2018-19
12 school year, the Racine Unified School District could have had schools eligible for transfer into the
13 program had the district's report card scores been in the bottom category.

14
15
16 **Resolution 18-12: *Referendum Restrictions***

17
18 **Amend** existing **Resolution 1.25 *Authority to Schedule Referenda*** as follows:

19
20 The WASB opposes limits on scheduling referenda. Further, the WASB opposes any
21 limitation on the duration, scope or effect of school referenda.

22
23 **Rationale:**

24
25 In light of the flurry of bills introduced recently on restricting school district referenda or
26 limiting their effect, this proposed amendment to the existing resolution would take a stronger
27 stance against all attempts to restrict local control of school district referenda.

28
29
30 **Resolution 18-13: *Teacher Certification/Licensure***

31
32 **Amend** existing **Resolution 4.60 *General Policy on Certification/Licensure*** as follows:

33
34 ~~The WASB opposes teacher certification controlled by a professional practices board but~~
35 ~~will support a plan providing for a statutory advisory committee to the state~~
36 ~~superintendent, including parents, school board members, and other interested groups,~~
37 ~~providing for final decisions by the state superintendent. (1975-3)~~

38
39 ~~(a) Certification~~

40
41 ~~The WASB supports the concept of broader teacher certification to reflect the current or~~
42 ~~evolving configuration of grades in a school.~~

43
44 The WASB supports teacher licensure initiatives that foster a highly educated, highly
45 trained, effective, adequately compensated, professional teaching force to meet the needs
46 of our members.

1 **Rationale:**

2

3 The Policy and Resolutions Committee believed the WASB needs an updated, more aspirational
4 policy statement on teacher licensure in general. The most recent state budgets and legislative
5 sessions have included actual and proposed changes to teacher and administrator licensure
6 primarily to address shortages. Concerns have been raised that some of those changes have
7 eroded or threaten to erode the quality and/or professionalism of the teaching force. Additional
8 concerns have been raised that these changes have diminished the value of a teaching license as
9 well as the value of enrolling in and completing a teacher education program from an institution
10 of higher education.

**RACINE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

**December 18, 2017
Budget & Finance**

AGENDA ITEM: Jacob K. Javits Gifted and Talented Students Education Grant Award

PRESENTING: Marc Duff, Chief Financial Officer

DESCRIPTION: Board Policy OE-6.22 (Financial Administration) requires BOE approval of any new grants over \$50,000 for which the district is the fiscal agent.

In October 2017, Racine Unified School District received a monetary award from the Wisconsin Department of Public Instruction for the amount of \$128,280. This award is part of a three year federal Javits Grant received by the Wisconsin Department of Public Instruction in 2015. These dollars are to be expended during fiscal year 2017-2018 to support professional learning and provide resources for supporting instruction and providing resources for advanced and gifted learners.

FISCAL NOTE:

RECOMMENDATION: Accept the Jacob K. Javits Grant award for the 2017-18 school year.

ACTION TAKEN:

Superintendent Consent Agenda

Schedule of Personnel Changes
RACINE UNIFIED SCHOOL DISTRICT
Monday, December 18, 2017

Name	Employee Group	From Assignment	From FTE	New Assignment	To FTE	Effective
NEW						
Katzer, Donald	A			Starbuck MS - Interim Asst. Principal	100%	12/4/2017
Hanson, Paul	B			Julian Thomas ES - Custodian	47%	12/5/2017
Arndt, Lisa	C			Jefferson ES - Clerk	100%	1/3/2018
Flores, Julieta	E			McKinley MS - Special Ed Asst.	93%	11/13/2017
Natonski, Jacqueline	E			SC Johnson ES - LPN	100%	12/4/2017
Nielsen, Mary	E			Jerstad K-8 Campus - Home School Worker	52%	11/13/2017
South, Tina	E			Dr. Jones ES - Lunch/Breakfast Ed. Asst.	40%	12/11/2017
Wetterberg, Jane	E			Schulte ES - 4K Educational Asst.	52%	11/13/2017
Kreie, Kathleen	T			Jerstad K-8 Campus - Title 1	80%	11/13/2017
Murry, Alice	T			Mitchell K-8 Campus - Psychologist	60%	12/1/2017
Oteman, Candice	T			District Wide - Home Bound	100%	11/20/2017
Rottino, Antonio	T			Park HS/Horlick HS - Psychologist	60%	12/4/2017
Szymandera, Molly	T			Support Services - Nurse	100%	11/27/2017
RESIGNATION(S)						
Hennessy, Michael	A	ASC - Asst. Director - Facilites	100%			11/10/2017
Nwagbaraocha, Victor	A	Starbuck MS - Assistant Principal	100%			11/10/2017
Ziehr, Kaylee	B	Julian Thomas ES - Custodian	47%			11/20/2017
Monette, Nicole	E	Roosevelt ES - Para Professional	40%			12/15/2017
Toscano, Daniela	E	Military Leave				11/15/2017
Braun, Jeremy	T	McKinley MS - English	100%			10/2/2017
Brown, Laurie	T	Park HS - Science Chemistry/Earth	100%			11/28/2017
Kolar, William	T	Julian Thomas ES - Cross Categorical	100%			1/4/2018
TERMINATION(S)						
Savios, Susan	T	Leave of Absence Expired				10/13/2017
REQUEST FOR LEAVE OF ABSENCE						
Nelson, Peter	B	Gifford K-8 Campus - Engineer	100%			1/5/2018
Jackson, Lauren	E	SC Johnson ES - LPN	100%			11/22/2017
Haid, Jacqueline	T	Red Apple ES - Early Childhood	100%			11/27/2017
RETURN FROM LEAVE OF ABSENCE						
Telford, Sharonda	E			Jerstad K-8 Campus - Special Ed Asst.	93%	12/11/2017
Williams, Aqualena	E			West Ridge ES - Special Ed Asst.	90%	12/4/2017
Barba, Angelica	T			Mitchell K-8 Campus - Bilingual Grade 4	100%	12/4/2017
FTE CHANGES						
Auer, Stephanie	E	Park HS - Special Ed Asst.	87%	Park HS - Special Ed Asst.	93%	11/1/2017
Barke, Vicki	E	Park HS - Special Ed Asst.	87%	Park HS - Special Ed Asst.	93%	11/1/2017
Bosanec, Sharon	E	Park HS - Special Ed Asst.	87%	Park HS - Special Ed Asst.	93%	11/1/2017
Broeker, Lisa	E	Park HS - Special Ed Asst.	87%	Park HS - Special Ed Asst.	93%	11/1/2017
Gulan, Jennifer	E	REEC - 4K Educational Asst.	52%	Jerstad K-8 Campus - Special Ed Asst.	93%	11/21/2017
Ricchio, Cindy	E	Park HS - Special Ed Asst.	87%	Park HS - Special Ed Asst.	93%	11/1/2017
Zember, Gloria	E	Dr. Jones ES - Lunch Room/Breakfast Asst.	40%	Dr. Jones ES - Personal Asst.	90%	11/20/2017

**RACINE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

**December 18, 2017
Finance**

AGENDA ITEM: Monthly Financial Statements for November, 2017

PRESENTING: Marc Duff, Chief Financial Officer

DESCRIPTION: Board policy OE-6.16 requires that annual and monthly financial updates be provided to the board. These statements provide the status of revenues and expenditures for the general fund and all funds combined. The statements also allow a comparison to the board approved budget.

HIGHLIGHTS: The November 2017 financial reports for revenues show RUSD recorded as receivable property tax revenue, state equalization aid, and other state categorical aids the district will receive throughout the year. In addition to the \$167,000 of local fee revenues collected, the District also received \$1.78 million in state special education aid and \$514,353 in state Achievement Gap Reduction aid.

The expenses for November largely represent normal expenses for salaries, benefits, supplies and utilities. Business and Operations includes \$2.46 million in payments to Bukacek Construction for construction work completed at Horlick High School, \$1.186 million to Trane for work completed at Jerstad-Agerholm School, and a final payment of \$111,096 to Riley Construction for work at REAL School. That area also includes an order for \$178,000 of architectural services for Gilmore Fine Arts. The food service area includes a \$738,814 payment to Arbor for meal services.

RECOMMENDATION: Acceptance of the monthly financial statements.

ACTION TAKEN:



**RACINE UNIFIED
SCHOOL DISTRICT**

**General Fund
Combined Statement of Revenues, Expenditures and Changes Fund Balance
Revenues by Source, Expenditures by Function
MONTHLY BUDGET**

	2017 - 2018 Budget 2	Nov MTD Actual	Nov YTD			% Exp	Nov YTD 2016 - 2017
			Actual	Enc/Com	Balance		
Revenues by source							
Property taxes	75,538,118	75,538,118	75,538,118	0	0	100.00	72,926,577
Local sources	1,466,815	167,154	778,294	0	(688,521)	53.06	1,646,266
Intermediate sources	140,000	5,020	5,020	0	(134,980)	3.59	6,639
State sources	161,976,780	137,999,908	158,795,087	0	(3,181,693)	98.04	158,046,385
Federal sources	13,620,891	2,451	15,397	0	(13,605,494)	0.11	1,481,298
Other sources	209,500	21,416	71,916	0	(137,584)	34.33	69,069
Total revenues	252,952,104	213,734,066	235,203,832	0	(17,748,272)	92.98	234,176,234

**Expenditures by function
Instruction**

Regular instruction	92,549,177	11,473,172	32,555,066	381,478	59,612,633	35.59	30,323,361
Vocational instruction	5,441,256	483,366	1,563,252	35,747	3,842,258	29.39	1,632,221
Special instruction	600,223	44,544	189,675	12,545	398,002	33.69	42,804
Other instruction	6,564,771	825,435	2,096,931	92,899	4,560,739	33.36	1,992,538

Total instruction **105,155,427** **12,826,517** **36,404,923** **522,669** **68,227,835** **35.12** **33,990,923**

Support service

Pupil services	12,480,754	1,178,352	3,780,290	13,510	8,686,953	30.40	3,662,889
Libraries & instructional support	14,913,188	1,653,347	5,039,099	337,301	9,536,788	36.05	5,022,818
General administration	3,334,300	241,397	1,216,659	131,392	1,986,248	40.43	1,124,542
Building administration	13,115,081	1,081,352	4,803,284	8,984	8,302,812	36.69	4,962,518
Business & operations	36,930,432	6,853,944	13,430,012	3,858,330	19,642,090	46.81	12,954,697
Central services	10,569,978	1,454,492	4,530,576	1,031,000	5,008,401	52.62	4,239,288
Insurance	713,782	59,312	471,871	0	241,911	66.11	456,149
Debt payments	647,790	53,769	268,846	0	378,944	41.50	107,538
Other support services	352,258	37,286	133,171	0	219,087	37.80	120,345

Total support services **93,057,563** **12,613,251** **33,673,808** **5,380,518** **54,003,236** **41.97** **32,650,785**

Non-Program transactions

24,986,375 **98,416** **221,649** **137,084** **24,627,643** **1.44** **224,405**

Total expenditures

223,199,365 **25,538,183** **70,300,381** **6,040,271** **146,858,713** **34.20** **66,866,114**

Excess (deficiency) of revenues over expenditures

29,752,739 **188,195,883** **164,903,451** **(6,040,271)** **(164,606,986)** **167,310,120**

Other financing sources (uses)

Transfer from other funds	88,319	0	0	0	88,319	0.00	0
Other financing sources	732,021	200	32,349	0	699,672	4.42	2,119
Transfer to other funds	(34,280,759)	0	0	0	(34,280,759)	0.00	0

Total other financing sources (uses)

(33,460,419) **200** **32,349** **0** **(33,492,768)** **0.00** **2,119**

Net change in fund balance (3,707,680) 164,935,800 167,312,239

Fund balance beginning of year 43,898,760 43,898,760

Fund balance end of year **40,191,080** **208,834,559**



**RACINE UNIFIED
SCHOOL DISTRICT**

**All Governmental Funds
Combined Statement of Revenues, Expenditures and Changes Fund Balance
Revenues by Source, Expenditures by Function
MONTHLY BUDGET**

	2017 - 2018 Budget 2	Nov MTD Actual	Nov YTD			% Exp	Nov YTD 2016 - 2017
			Actual	Enc/Com	Balance		
Revenues by source							
Property taxes	87,558,796	87,558,796	87,558,796	0	0	100.00	84,531,348
Local sources	3,449,518	261,058	1,413,779	0	(2,035,739)	40.98	2,204,064
Intermediate sources	166,309	5,020	31,329	0	(134,980)	18.84	6,639
State sources	174,518,127	139,783,411	160,578,590	0	(13,939,537)	92.01	159,822,724
Federal sources	29,209,799	64,965	834,040	0	(28,375,759)	2.86	4,256,193
Other sources	269,035	21,416	101,667	0	(167,368)	37.79	98,852
Total revenues	295,171,584	227,694,665	250,518,201	0	(44,653,383)	84.87	250,919,820

**Expenditures by function
Instruction**

Regular instruction	92,742,961	11,491,102	32,594,359	386,526	59,762,076	35.56	30,326,726
Vocational instruction	5,451,533	483,366	1,563,252	35,747	3,852,535	29.33	1,634,280
Special instruction	38,191,959	675,805	8,780,630	12,876	29,398,453	23.02	11,877,828
Other instruction	7,386,942	974,118	2,367,082	172,143	5,192,003	34.37	2,129,172

Total instruction

143,773,395	13,624,391	45,305,323	607,292	97,860,780	31.93	45,968,007
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Support service

Pupil services	18,453,392	1,767,363	5,629,414	13,749	12,810,229	30.58	5,481,946
Libraries & instructional support	19,634,106	2,050,736	6,640,726	373,017	12,620,363	35.72	6,707,895
General administration	3,391,771	263,199	1,259,331	131,392	2,001,047	41.00	1,124,542
Building administration	13,343,975	1,098,501	4,879,401	8,996	8,455,579	36.63	5,031,497
Business & operations	56,596,734	8,581,906	20,256,235	4,836,829	31,503,670	44.34	22,215,170
Central services	10,601,691	1,459,911	4,540,770	1,031,000	5,029,920	52.56	4,264,734
Insurance	963,470	59,312	471,871	0	491,599	48.98	456,149
Debt payments	18,645,822	53,769	1,764,746	0	16,881,076	9.46	1,678,247
Other support services	352,258	56,717	133,171	75,875	143,212	59.34	120,345
Food service	10,212,134	976,055	1,414,224	206,463	8,591,447	15.87	2,886,649
Community service	1,693,445	167,561	559,834	75,875	1,057,735	37.54	348,498

Total support services

153,888,798	16,535,033	47,549,722	6,753,198	99,585,877	35.29	50,315,673
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Non-Program transactions

25,662,140	394,648	440,067	360,861	24,861,212	3.12	396,949
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Total expenditures

323,324,333	30,554,071	93,295,113	7,721,351	222,307,869	31.24	96,680,629
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Excess (deficiency) of revenues over expenditures

(28,152,749)	197,140,594	157,223,089	(7,721,351)	124,447,089		154,239,191
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Other financing sources (uses)

Transfer from other funds	34,369,078	0	0	0	34,369,078	0.00	0
Other financing sources	23,282,021	200	32,349	0	23,249,672	0.14	2,119
Transfer to other funds	(34,369,078)	0	0	0	(34,369,078)	0.00	0

Total other financing sources (uses)

23,282,021	200	32,349	0	23,249,672	0.14	2,119
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Net change in fund balance

(4,870,728)		157,255,437				154,241,309
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Fund balance beginning of year

60,197,562		60,197,562				
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Fund balance end of year

55,326,834		217,452,999				
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Please approve the following disbursements for November 1-30, 2017

<u>Account</u>	<u>Beginning Check Number</u>	<u>Ending Check Number</u>	<u>Amount</u>
General Fund - Johnson Bank	105429	105980	6,312,957.04
Payroll - Direct Deposit	98211215	98217185	7,903,020.82
Payroll - Non-Direct Deposit	97904594	97904600	2,774.04
Social Security and Medicare			1,959,449.79
WRS			1,737,284.48
Debt repayment & OPEB Requirement			-
Total Disbursements			17,915,486.17

Please approve the following receipts for November 1-30, 2017

<u>Account</u>	<u>Amount</u>
General Fund	3,126,909.25
Debt Borrowing/Investments	
Total Receipts	3,126,909.25

Detailed reports are available for review at the School District offices in the Business Services area. All disbursements and receipts noted above are within the limitations described in Board Policy Executive Limitation - 6 and legally delegated to the administration through the Chief Executive Officer or his/her delegate.

**Racine Unified School District
Board of Education
December 18, 2017
Chief Academic Office**

AGENDA ITEM: Overnight Field Trips

PRESENTING: Rosalie Daca, Chief Academic Officer

DESCRIPTION: See attached database.

FISCAL NOTE: See attached database.

RECOMMENDATION: Approval of the Overnight Field Trips as listed.

ACTION TAKEN:

Overnight Field Trips - Board of Education Meeting - December 18, 2017

School	Lodging	Trip Purpose	Depart Date	Return Date	School Time Lost	Annual Fieldtrip?	# of Students		# of Staff		# of Non-Staff		# of Subs	District Cost	Student Cost
							Male	Female	Male	Female	Male	Female			
Park High School	Heidel House Resort & Spa	To present the project the students worked on in class at the conference	05/02/18	05/04/18	2 days	No	2	2	1	1	0	0	2	\$1,000.00	\$0.00
Red Apple	Camp Timber-Lee	To study the environment and our relationship with it. To learn how we as humans can preserve/improve our environment.	05/23/18	05/25/18	1 day	Yes	58	39	1	5	10	7	0	\$0.00	\$140.00
Case High School	Disney's All Star Resort	Our dance team received a bid to nationals. Our team has never attended this event before. We are bringing this dance team to the next level.	02/02/18	02/05/18	1 day	No	0	17	0	2	0	0	0	\$10,880.00	\$640.00
Jerstad-Agerholm Elementary	Camp Anokjig	Students will take part in outdoor activities they would not normally do in a school setting. Students will work on team building, reading maps, science activities, riding horses, canoeing, and archery.	05/30/18	06/01/18	3 days	Yes	19	24	1	4	1	4	2	\$720.00	\$100.00

**RACINE UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

**December 18, 2017
Student Services**

AGENDA ITEM: Incidents by Students to Staff for November, 2017

PRESENTING: Andrea Rittgers, Director of Student Services

DESCRIPTION: During the time period November 1, 2017 through November 30, 2017 there were 28 total reported incidents. There were 14 incidents reported at the elementary level, 14 at the middle school level, and 0 at the senior high level.

During the time period November 1, 2016 through November 30, 2016, there were 34 total reported incidents. There were 24 incidents reported at the elementary level, 5 at the middle school level, and 5 at the senior high level.

Of the total number of incidents this month 0.75% involved Special Education students. These 21 Special Education students represent .0062% of the total Special Education population. Regular Education students were involved in 0.25% of the incidents reported. These 7 Regular Education students represent .0004% of the total Regular Education population.

The total number of incidents to date for the 2017-2018 school year is 67. (2016-2017 school year is 65).

FISCAL NOTE:

RECOMMENDATION: Accept the incident report as presented.

ACTION TAKEN:

Tabulation of Reported Incidents by Student to Staff
2017-2018 School Year
November 2017

School	Date of Incident	Initials	Tchr	Sub Tchr	Aide	Sub Aide	Admin	Secy	Other	Grade	Spl. Ed.
Jerstad Elementary	11/01/17	AD	1							3	EBD
Jerstad Elementary	11/01/17	MM	1							4K	
Jerstad Elementary	11/07/17	AB			1					4K	
Bull Fine Arts	11/30/17	MK			1					3	OHI
Schulte Elementary	11/07/17	SN	1							4	A
Fratt Elementary	11/07/17	ML	1							K	
Fratt Elementary	11/08/17	KO	1							K	
Mitchell Elementary	11/14/17	SH	1							3	A
RAL INC. Elementary	11/03/17	WN			1					1	OHI
RAL INC. Elementary	11/01/17	DW					1			4	EBD
Olympia Brown Elementary	11/15/17	JD			1					5	A
Olympia Brown Elementary	11/01/17	HC			1					K	EBD
Olympia Brown Elementary	11/10/17	HC			1					K	EBD
Olympia Brown Elementary	11/06/17	JD			1					5	EBD/CDS
Mitchell Middle School	11/30/17	DS	1							6	EBD
Mitchell Middle School	11/29/17	NA			1					8	CDS
Mitchell Middle School	11/08/17	ML	1							8	OHI
Jerstad Middle School	11/07/17	DC							1	7	OHI
Jerstad Middle School	11/09/17	TH			1					7	
Jerstad Middle School	11/13/17	SW	1							8	
Jerstad Middle School	11/16/17	DP			1					7	EBD
Gilmore Middle School	11/06/17	NS	1							6	LD
RAL/SEO	11/02/17	VH			1					7	EBD
RAL/SEO	11/02/17	KK	1							7	EBD
Starbuck Middle School	11/17/17	CV	1							8	A
Mitchell Middle School	11/14/17	WT	1							8	CDS
Mitchell Middle School	11/14/17	TO			1					8	CDS
Mitchell Middle School	11/13/17	GP		1						7	
Totals			13	1	12	0	1	0	1		



**Racine Unified School District
Operational Expectations Monitoring Report**

**OE-6 (FINANCIAL ADMINISTRATION - EXTERNAL)
SUMMARY OF COMPLIANCE STATUS**

The Superintendent shall not cause or allow any financial activity or condition that materially deviates from the budget adopted by the Board; cause or allow any fiscal condition that is inconsistent with achieving the Board’s Results or meeting any Operational Expectations goals; or place the long-term financial health of the District in jeopardy.

INTERPRETATION

The Board of Education expects the Superintendent to cooperate with the Board’s financial auditor, file timely reports with the Department of Public Instruction, maintain financial records in accordance with Generally Accepted Accounting Principles, publish Annual Financial Report - Appendix C, and take corrective action to address audit findings. In addition, the Superintendent cannot allow deficit spending, expend reserve funds, transfer monies from one fund to another, and expend funds that significantly differs from the Board approved budget without the approval of the Board of Education.

- **Financial Activity:** Any sanctioned action conducted on behalf of the District by a district employee that causes a monetary impact, including the purchase of goods and services, payment of liabilities to employees or vendors, incurring debt and the receipt or management of funds.
- **Materially Deviates from the Budget:** Causing the District to expend significantly more in a category than the budget approved by the Board of Education or as approved by the Board of Education through a subsequent action.
- **Fiscal Condition:** The availability of funds needed to meet financial obligations.
- **Long-Term Fiscal Health:** The ability of the District to meet planned or anticipated expenditures for the current fiscal year and maintaining adequate balances for the District to meet financial obligations for the next 1 - 3 fiscal years.

EXECUTIVE SUMMARY

This report monitors OE-6 (Financial Administration-External) policy for July 1, 2016-June 30, 2017 and is brought to the Board of Education upon completion of the annual financial audit following the closure of the fiscal year. The External Audit for the 2016-17 fiscal year was performed by Schenck CPAs and the audit opinion was “unmodified” which, under accounting terms, is considered a “clean” opinion. There were no identified material weaknesses and no internal control findings.

Improvements were made related to recommendations made in the 2015-16 audit.

- Policies and procures are being developed and implemented related to funds and bank accounts at schools.

Therefore, OE-6 was accepted as “In Compliance” for 2015-16 (10 out of 10 areas compliant) and for 2016-17 OE-6 is again being submitted as being “In Compliance”.

With respect to Operational Expectation 6 (Financial Administration - External), the Board accepts the report as fully compliant and appreciates the work of all involved staff for fully meeting the report standards and delivering a ‘clean’ audit.

Section	IC / NIC	Directive	Notes
<i>The Superintendent will:</i>			
6.1	IC	Coordinate and cooperate with the Board’s appointed financial auditor for an annual audit of all District funds and accounts.	
6.2	IC	Keep complete and accurate financial records by funds and accounts in accordance with generally recognized principles of governmental accounting.	

6.3	IC	Publish a financial condition statement annually.	
6.4	IC	Include in the monitoring report the action plan and timeline of the auditor recommendations, if any, in the annual report.	
<i>The Superintendent may not:</i>			
6.5	IC	Expend more funds than have been received in the fiscal year unless revenues are made available through other legal means, including use of fund balances, the authorized transfer of funds from reserve funds, and tax anticipation notes.	
6.6	IC	Permanently transfer money from one fund to another.	
6.7	IC	Allow any required financial reports to be overdue or inaccurately filed.	
6.8	IC	Receive, process or disburse funds under controls that are insufficient under generally accepted accounting procedures or statute.	
6.9	IC	Commit to expenditures from an account without an adequate appropriation and budget transfers to accommodate the expenditure.	
6.10	IC	Invest funds in investments that are not secured or that are not authorized by law.	

IC = In Compliance NIC = Not In Compliance

Compliance Progress	2014-15	2015-16	2016-17
<i>Indicators In Compliance</i>	9	10	10
<i>Indicators Not In Compliance</i>	1	0	0
<i>% In Compliance</i>	90%	100%	100%

Referrals

BOARD REFERRAL #9-2017

Include: Action(s) needed, points to be covered and suggested language for policy language, if needed.

TOPIC: Revision for OE-4			
SUBMITTED BY (Board member name): Brian O'Connell			
SUPPORTED BY: (3 Board members' names)	(1) Dennis Wiser	(2) Brian O'Connell	(3) Matt Hanser
DESIRED RESOLUTION DATE: as soon as possible			
1.	Board Policy related to: OE-4 Monitoring Report (Personnel Administration)		
2.	<p>Objective of the topic/conversation: <i>(The Board may refer the matter to the superintendent, to an appropriate Board committee, or it may dispose of it directly, depending on the nature of the issue. The initiator of the referral request may recommend the destination of the referral, subject to the decision of the Board.)</i></p> <p>Revise policy language to reflect practice and eliminate duplication as reflected in items 4.1; 4.9; 4.10; and 4.11. This can be done with the following revisions:</p> <p>The Superintendent will:</p> <p>4.1 Conduct extensive-background inquiries and checks prior to hiring any paid personnel. This includes temporary, contractual and permanent positions.</p> <p>4.9 Evaluate all employee performance according to established schedules or requirements with evaluation instruments that are aligned to department goals and Operational Expectations<u>the Strategic Plan and for certificated staff as required by the Department of Public Instruction</u>. Employee evaluations will measure progress toward achieving the Board's Results policies <u>and Strategic Plan goals</u>, as well as document<u>recognize</u> excellent <u>performance</u> and <u>address</u> unsatisfactory performance.</p> <p>4.10 Assure that the evaluation of all instructional and administrative personnel is designed to:</p> <p style="padding-left: 20px;">a. Improve and support instruction;</p> <p style="padding-left: 20px;">b. Link teacher and administrator performance toward achieving Results policies.</p> <p>4.11 Ensure that all staff members are qualified and trained to perform the responsibilities assigned to them.</p>		
3.	Requirements of the discussion: None		
4.	Outside resources needed? None		
5.	Questions that will be answered at the end of the session? Does the Board wish to adopt the revised language?		
6.	Decisions that need to be made by the board. Does the Board wish to adopt the revised language?		

7.	Prioritization – to include potential date for Work Session. The revisions should be adopted as soon as possible to assure effective use in Board meetings.
8.	Ties to committee work? Requires review by Governance Committee.

BOARD REFERRAL #10-2017

Include: Action(s) needed, points to be covered and suggested language for policy language, if needed.

TOPIC: Revision for Alignment with Strategic Plan			
SUBMITTED BY (Board member name): Brian O’Connell			
SUPPORTED BY: (3 Board members’ names)	(1) Dennis Wiser	(2) Brian O’Connell	(3) Matt Hanser
DESIRED RESOLUTION DATE: as soon as possible			
1.	Board Policy related to: OE-9 Monitoring Report		
2.	<p>Objective of the topic/conversation: <i>(The Board may refer the matter to the superintendent, to an appropriate Board committee, or it may dispose of it directly, depending on the nature of the issue. The initiator of the referral request may recommend the destination of the referral, subject to the decision of the Board.)</i></p> <p>The objective is to align the OE-9 monitoring report with the District’s 5-year strategic plan and continuous improvement efforts and to incorporate terminology recommended by Mr. Cheesebrow. This can be done with the following revisions:</p> <p>Revise title of OE-9 report: Communicating with and Treatment of External Stakeholders to Public Engagement – External</p> <p>Revise report as follows:</p> <p>9.4 The Superintendent will: Maintain an organizational culture that:</p> <ol style="list-style-type: none"> a. Treats all people with respect, dignity and courtesy; b. Values individual differences of opinion; c. Reasonably includes people in decisions that affect them; d. Provides timely and accurate communication in all written and interpersonal interaction that comes from the District; e. Focuses on common achievement of the Board’s Results District’s Strategic Plan policies; and f. Maintains an open, responsive and welcoming environment. 		
3.	Requirements of the discussion: None		
4.	Outside resources needed? None		
5.	Questions that will be answered at the end of the session? Does the Board wish to adopt the revisions to OE-9.		
6.	Decisions that need to be made by the board. Does the Board wish to adopt the revisions to OE-9.		
7.	Prioritization – to include potential date for Work Session. The revisions should be adopted as soon as possible so that evidence including survey results and other data can be collected through remainder of the 2017-2018 school year for fall 2018 report.		
8.	Ties to committee work? Requires review by Governance Committee.		



BOARD REFERRAL #11-2017

Include: Action(s) needed, points to be covered and suggested language for policy language, if needed.

10.5 Revision of Operational Expectation -6 (Financial Administration – Internal) Report			
SUBMITTED BY (Board member name):		Matthew Hanser	
SUPPORTED BY: (3 Board members' names)	(1) Dennis Wisner	(2) Robert Wittke	(3) Matthew Hanser
DESIRED RESOLUTION DATE: as soon as possible			
1.	Board Policy related to: Operational Expectation – 6 (Financial Administration – Internal)		
2.	<p>Objective of the topic/conversation: <i>(The Board may refer the matter to the superintendent, to an appropriate Board committee, or it may dispose of it directly, depending on the nature of the issue. The initiator of the referral request may recommend the destination of the referral, subject to the decision of the Board.)</i></p> <p>The objective is to make the following change to the OE-6 Internal Report, per the discussion held during the Governance Committee meeting on October 30, 2017:</p> <p style="margin-left: 40px;">A. The words “and Balance Sheet” under Section 6.16 will be deleted</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>6.16 The Superintendent will: Provide for the Board a monthly update of the Statement of Revenue and Expenditures and Balance Sheet indicating month and year-to-date financial activity, and in addition provide a financial condition statement annually.</p> </div> <p>Interpretation: The Board of Education expects the superintendent to include monthly financial reports in the Board's business meeting packet and receive an audited financial report from the District's independent auditing firm.</p> <ul style="list-style-type: none"> • <u>Statement of Revenue and Expenditures and Balance Sheet</u>: A report that summarizes month-to-date revenues by the source of the funds, expenditures by functional area, and the beginning and ending balance of total funds. • <u>Financial Condition Statement</u>: A complete audit report of financial activities in accordance with generally accepted accounting principles (GAAP) compiled in accordance with auditing standards by a firm of licensed certified public accountants. 		
3.	Requirements of the discussion: None		
4.	Outside resources needed? None		
5.	Questions that will be answered at the end of the session? Does the Board approve these changes to the OE-6 Report?		
6.	Decisions that need to be made by the board. Does the Board approve these changes to the OE-6 Report?		
7.	Prioritization – to include potential date for Work Session. None.		
8.	Ties to committee work?		