

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2022

SCHOOL DISTRICT OF REEDSBURG
TABLE OF CONTENTS
JUNE 30, 2022

<u>Page</u>	
3-5	Independent Auditors' Report
6-14	Management's Discussion and Analysis
	<u>BASIC FINANCIAL STATEMENTS</u>
	<u>District-Wide Financial Statements</u>
15	Statement of Net Position
16	Statement of Activities
	<u>Fund Financial Statements</u>
17	Balance Sheet - Governmental Funds
18	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
19	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
20-44	Notes to the Basic Financial Statements
	<u>REQUIRED SUPPLEMENTARY INFORMATION</u>
45	Budgetary Comparison Schedule for the General Fund - Budget and Actual
46	Notes to Required Supplementary Information on Budgetary Accounting and Control
47	Wisconsin Retirement System Pension Schedules
48	Wisconsin Retirement System Local Retiree Life Insurance Fund Schedules
49	Supplemental Pension Defined Benefit Plan Schedules
50	OPEB Healthcare Defined Benefit Plan Schedules
	<u>SUPPLEMENTARY INFORMATION</u>
51	Combining Balance Sheets - Nonmajor Governmental Funds

SCHOOL DISTRICT OF REEDSBURG
TABLE OF CONTENTS - Continued
JUNE 30, 2022

Page

SUPPLEMENTARY INFORMATION - Continued

52	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
53	Schedule of Expenditures of Federal Awards
54	Schedule of State Financial Assistance
55	Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

OTHER REPORTS

56-57	Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>
58-60	Independent Auditors' Report on Compliance For Each Major Program and Report on Internal Control over Compliance in Accordance With the Uniform Guidance and <i>State Single Audit Guidelines</i>
61-63	Schedule of Findings and Questioned Costs
64	Summary Schedule of Prior Audit Findings and Corrective Action Plan

MEMBERS OF THE BOARD OF EDUCATION

President	Gary Woolever
Vice President	Bruce Houtler
Treasurer	Gabe Bauer
Clerk	LuAnn Brey
Member	Leo Almeida
Member	Ross Retzlaff
Member	Heather Westphal
Superintendent	Dr. Roger Rindo
Director of Business Services	Debra Michel
District Accountant	Cindy Wilson



INDEPENDENT AUDITORS' REPORT

To the Board of Education
School District of Reedsburg
Reedsburg, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Reedsburg, Wisconsin, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District of Reedsburg's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 School District of Reedsburg, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District of Reedsburg and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The School District of Reedsburg's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District of Reedsburg's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District of Reedsburg's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District of Reedsburg's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Wisconsin Retirement System pension schedules, Wisconsin Retirement System Local Retiree Life Insurance Fund schedules, supplemental pension defined benefit plan schedules, and OPEB healthcare defined benefit plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Reedsburg's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and the schedule of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *State Single Audit Guidelines* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022 on our consideration of the School District of Reedsburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 School District of Reedsburg's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
October 31, 2022

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

MANAGEMENT'S DISCUSSION AND ANALYSIS



SCHOOL DISTRICT OF Reedsburg

501 K Street | Reedsburg, WI 53959 | (608) 524-2016 | www.rsd.k12.wi.us

Management's Discussion and Analysis

As management of the School District of Reedsburg ("District"), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's basic financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

Total governmental activities revenue was \$45,141,407 including \$12,823,198 of property taxes, and \$24,745,501 of general state and federal aid. Total governmental activities expenditures were \$41,062,096; including \$20,926,530 for direct instruction.

The District's financial status, as reflected in total net position, increased by \$4,079,311.

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.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

- The *Statement of Net Position* and *Statement of Activities* provide information on a district-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements.

The *notes to the financial statements* provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

The major features of the District's financial statements, including the activities reported and the type of information contained is shown in the following table.

Major Features of the District-wide and Fund Financial Statements

	District-wide Statements	Governmental
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, debt service, capital projects, and community services.
Required financial statements	Statement of net position. Statement of activities.	Balance Sheet. Statement of revenues, expenditures and changes in fund balance.
Basis of accounting and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.
Type of asset and liability information	All assets and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; received during or soon after expenditures when goods or services have been received and the related liability are due and payable.

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of activities reports all revenues and expenses used to support the District. The statement of net position reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources available to support District activities. The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, are one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are reported as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, food service, community programs and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has one kind of fund:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the district-wide statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2022 compared to 2021. The District's combined net position increased by \$4,079,311. Specific causes of the increase are discussed later in this document.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2022</u>	<u>2021</u>	<u>2021 - 2022</u>
Current and other assets	\$ 26,876	\$ 23,200	15.8%
Capital assets	<u>46,028</u>	<u>46,651</u>	-1.3%
Total assets	<u><u>72,904</u></u>	<u><u>69,851</u></u>	4.4%
Deferred outflows of resources	<u>18,336</u>	<u>12,224</u>	50.0%
Long-term liabilities			
outstanding	28,260	29,429	-4.0%
Other liabilities	<u>4,991</u>	<u>4,874</u>	2.4%
Total liabilities	<u><u>33,251</u></u>	<u><u>34,304</u></u>	-3.1%
Deferred inflows of resources	<u>22,560</u>	<u>16,422</u>	37.4%
Net position:			
Net investment in capital assets	19,713	19,125	3.1%
Restricted	12,505	9,455	32.3%
Unrestricted	<u>3,211</u>	<u>2,769</u>	-16.0%
Total net position	<u><u>\$ 35,429</u></u>	<u><u>\$ 31,350</u></u>	13.0%

Note: Totals may not add due to rounding.

Table 2
Changes in Net Position
(in thousands of dollars)

	Governmental Activities		Total % Change
	2022	2021	2021 - 2022
Revenues			
Program revenues			
Charges for services	\$ 360	\$ 191	88.5%
Operating grants and contributions	5,474	4,753	15.2%
General revenues			
Property taxes	12,823	12,604	1.7%
State and federal aid	24,746	22,664	9.2%
Other	1,738	1,853	-6.2%
Total revenues	<u>45,141</u>	<u>42,064</u>	7.3%
Expenses			
Instruction	20,927	20,362	2.8%
Pupil and instructional services	4,660	3,751	24.2%
Administration and business	10,303	10,444	-1.4%
Interest on debt	863	899	-4.0%
Other	4,309	3,419	26.0%
Total expenses	<u>41,062</u>	<u>38,874</u>	5.6%
Change in net position	4,079	3,190	27.9%
Net position - beginning of year	<u>31,350</u>	<u>28,160</u>	11.3%
Net position - end of year	<u>\$ 35,429</u>	<u>\$ 31,350</u>	13.0%

Note: Totals may not add due to rounding.

Table 2 provides summarized operating results and their impact on net position.

The District relies primarily on state and federal aids (55%) and property taxes (28%) to fund governmental activities. These two funding sources make up 83% of the total revenues.

Table 3 presents the cost of the five major District activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities
(in thousands of dollars)

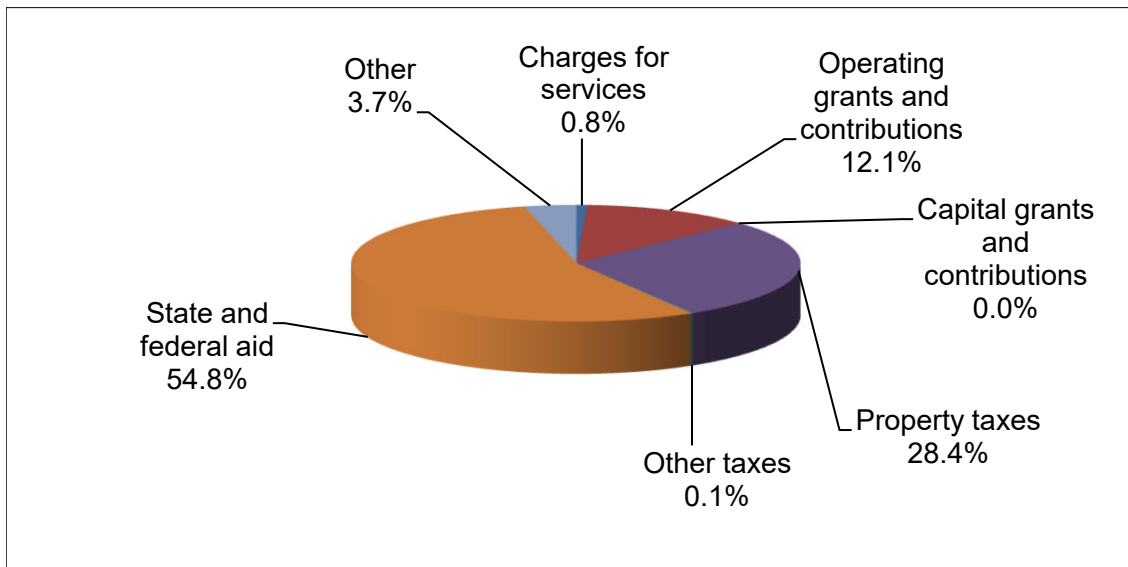
	Net Cost of Services		Total % Change
	2022	2021	2021 - 2022
Instruction	\$ 17,369	\$ 17,070	1.8%
Pupil and instructional services	4,533	3,631	24.8%
Administration and business	8,167	8,913	-8.4%
Interest on debt	863	899	-4.0%
Other	4,296	3,418	25.7%
Total	\$ 35,228	\$ 33,930	3.8%

Note: Totals may not add due to rounding.

The cost of all governmental activities this year was \$41,062,096. Individuals who directly participated or benefited from a program offering paid for \$360,471 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$5,473,765. The net cost of governmental activities, \$35,227,860, was financed by general revenues of the District.

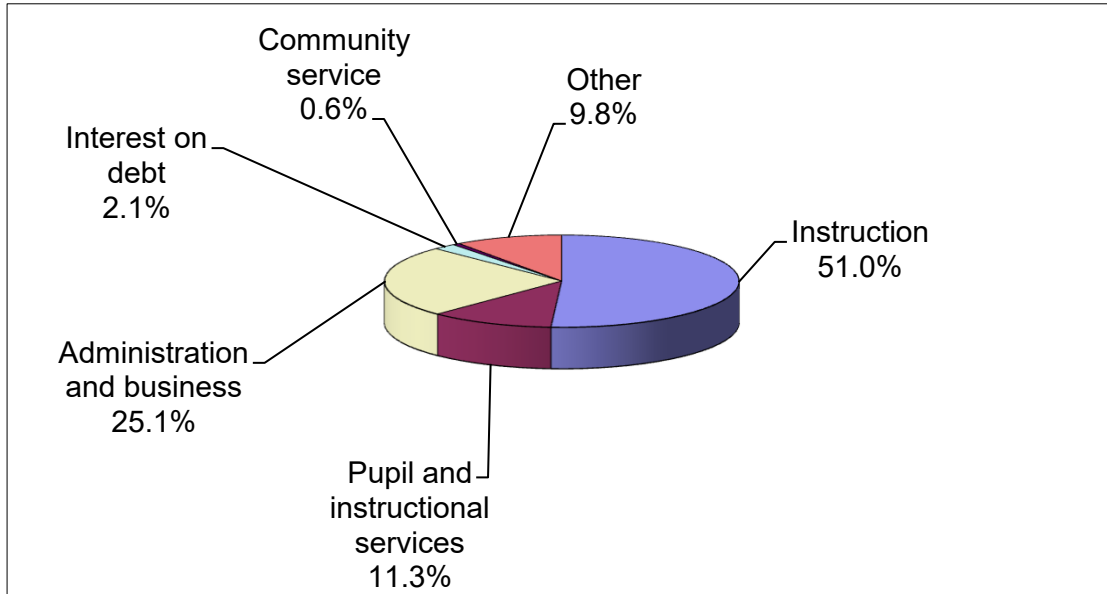
The composition of governmental revenues by type and expenditures by type are illustrated below.

Governmental Activities Revenue by Type
Chart 1



Note: Totals may not add to 100% due to rounding.

Governmental Activities Expenditure by Type
Chart 2



Note: Totals may not add to 100% due to rounding.

The District completed the year with a total governmental fund balance of \$12,667,551 up from last year's ending fund balance of \$11,228,426.

The general fund had an increase in fund balance of \$575,897.

The referendum approved debt service fund had an increase in fund balance of \$517,641.

The other governmental funds had an increase in fund balance of \$345,587.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District reviews an interim budget in May for the subsequent year. Consistent with current state statutes and regulations an original budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified.

While the District's final budget for the general fund anticipated that revenues would exceed expenditures by \$398,067 the actual results for the year show a \$575,897 increase.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, the District had invested \$75,644,877 in capital assets, including land, land improvements, buildings, and equipment (See Table 4). Total accumulated depreciation on these assets is \$29,616,773. Asset acquisitions for governmental activities totaled \$1,058,748. The District recognized depreciation expense of \$1,681,154 for governmental activities. Detailed information about capital assets can be found in the notes to the financial statements.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2022</u>	<u>2021</u>	<u>2021 - 2022</u>
Land	\$ 1,755	\$ 1,755	0.0%
Land improvements	201	20	905.0%
Buildings	62,496	62,192	0.5%
Equipment	11,193	10,847	3.2%
Accumulated depreciation	<u>(29,617)</u>	<u>(28,163)</u>	5.2%
Total	<u>\$ 46,028</u>	<u>\$ 46,651</u>	-1.3%

Note: Totals may not add due to rounding.

Long-Term Obligations

At year-end, the District had \$28,259,907 in bonds, notes payable, and other long-term debt outstanding - a decrease of 4% from last year (see Table 5). Detailed information about the District's long-term obligations are presented in the notes to the financial statements.

Table 5
Outstanding Long-Term Obligations
(in thousands of dollars)

	Total		Total % Change
	2022	2021	2021 - 2022
General obligation debt	\$ 25,430	\$ 26,585	-4.3%
Other	2,830	2,844	-0.5%
Total	<u>\$ 28,260</u>	<u>\$ 29,429</u>	-4.0%

Note: Totals may not add due to rounding.

The District retired \$1,155,000 of bonds and notes payable during the year and other transactions decreased total debt by \$14,336.

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

FACTORS BEARING ON THE DISTRICT’S FUTURE

Currently known circumstances that will impact the District’s financial status in the future are:

The State of Wisconsin has an open enrollment law that allows students to attend school districts of their choice with few restrictions. The state adjusts each district’s general aid payment based on the number of students who transfer. This year 148 non-resident open enrollment students attended the School District of Reedsburg with 183 School District of Reedsburg students attending other schools through the open enrollment program. The number of outgoing students exceeds incoming students by 35. It is important for the District to maintain the quality of instruction and physical property to remain competitive in the open enrollment environment.

Enrollment increased for the 2021 - 2022 school year by 7 students.

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 Debra Michel, Director of Business Services, School District of Reedsburg, 501 K Street, Reedsburg, WI 53959-1825. Telephone: (608)524-2016 ext. 2004.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**BASIC
FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

SCHOOL DISTRICT OF REEDSBURG

STATEMENT OF NET POSITION

JUNE 30, 2022

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	\$ 12,021,957
Receivables	
Accounts	600
Taxes	3,629,382
Due from other governments	1,643,980
Inventories	140,583
Wisconsin Retirement System net pension	9,439,086
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	1,754,957
Capital assets being depreciated	44,273,147
TOTAL ASSETS	72,903,692
 DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	17,720,865
Wisconsin Retirement System LRLIF	563,011
OPEB healthcare	52,086
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,335,962
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
	91,239,654
 LIABILITIES	
Accounts payable	279,225
Self insurance claims payable	18,112
Accrued liabilities	
Payroll, payroll taxes, insurance	4,319,182
Interest	221,817
Deposits payable	57,467
Unearned revenue	94,965
Current portion of long-term obligations	1,417,218
Noncurrent portion of long-term obligations	26,842,689
TOTAL LIABILITIES	33,250,675
 DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System pension	22,227,445
Wisconsin Retirement System LRLIF	181,838
OPEB healthcare	150,879
TOTAL DEFERRED INFLOWS OF RESOURCES	22,560,162
 NET POSITION	
Net investment in capital assets	19,713,329
Restricted for	
Special revenue	759,891
Debt service	2,245,893
Other activities	9,499,086
Unrestricted	3,210,618
TOTAL NET POSITION	35,428,817
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
	\$ 91,239,654

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF REEDSBURG

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular instruction	\$ 11,973,387	\$ 67,210	\$ -	\$ (11,906,177)
Vocational instruction	1,002,603	13,984	-	(988,619)
Special instruction	5,164,153	-	2,768,340	(2,395,813)
Other instruction	2,786,387	101,487	606,045	(2,078,855)
Total instruction	<u>20,926,530</u>	<u>182,681</u>	<u>3,374,385</u>	<u>(17,369,464)</u>
Support services				
Pupil services	1,899,978	-	-	(1,899,978)
Instructional staff services	2,759,714	-	126,529	(2,633,185)
General administration services	638,334	-	-	(638,334)
Building administration services	1,863,281	-	-	(1,863,281)
Business services	7,801,846	164,061	1,972,851	(5,664,934)
Central services	308,433	-	-	(308,433)
Insurance	316,837	-	-	(316,837)
Interest and other	863,169	-	-	(863,169)
Other support services	386,364	-	-	(386,364)
Community services	266,424	13,729	-	(252,695)
Total support services	<u>17,104,380</u>	<u>177,790</u>	<u>2,099,380</u>	<u>(14,827,210)</u>
Non-program transactions	3,031,186	-	-	(3,031,186)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 41,062,096	\$ 360,471	\$ 5,473,765	(35,227,860)
General revenues				
Taxes				
Property taxes 12,823,198				
Other taxes 63,003				
State and federal aids not restricted to specific functions 24,745,501				
Interest and investment earnings 6,469				
Miscellaneous 1,669,000				
Total general revenues <u>39,307,171</u>				
CHANGE IN NET POSITION 4,079,311				
NET POSITION - BEGINNING OF YEAR 31,349,506				
NET POSITION - END OF YEAR \$ 35,428,817				

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

SCHOOL DISTRICT OF REEDSBURG
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	GENERAL FUND	DEBT SERVICE FUND REFERENDUM APPROVED	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and investments	\$ 8,362,351	\$ 2,245,893	\$ 1,413,713	\$ 12,021,957
Receivables				
Accounts	150	-	450	600
Taxes	3,629,382	-	-	3,629,382
Due from other funds	4,600	-	-	4,600
Due from other governments	1,642,708	-	1,272	1,643,980
Inventories	140,583	-	-	140,583
TOTAL ASSETS	13,779,774	2,245,893	1,415,435	17,441,102
LIABILITIES				
Accounts payable	248,729	-	30,496	279,225
Self insurance claims payable	18,112	-	-	18,112
Accrued payroll liabilities	4,281,873	-	37,309	4,319,182
Due to other funds	-	-	4,600	4,600
Deposits payable	57,467	-	-	57,467
Unearned revenue	-	-	94,965	94,965
TOTAL LIABILITIES	4,606,181	-	167,370	4,773,551
FUND BALANCES				
Nonspendable	140,583	-	-	140,583
Restricted	60,000	2,245,893	759,891	3,065,784
Committed	1,000,000	-	-	1,000,000
Assigned	-	-	488,174	488,174
Unassigned	7,973,010	-	-	7,973,010
TOTAL FUND BALANCES	9,173,593	2,245,893	1,248,065	12,667,551
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,779,774	\$ 2,245,893	\$ 1,415,435	

Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

Governmental capital asset	\$ 75,644,877	
Governmental accumulated depreciation	(29,616,773)	46,028,104

Wisconsin Retirement System asset, deferred outflows of resources, and deferred inflows of resources are not current financial resources and are not reported in fund statements: 5,313,679

Other post employment benefits deferred outflows of resources and deferred inflows of resources are not current financial resources and are not reported in fund statements: (98,793)

Long-term liabilities are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:

General obligation debt	\$ (26,314,775)	
Accrued interest	(221,817)	
WRS liability	(1,668,769)	
Vested employee benefits	(72,044)	
Net OPEB obligation	(204,319)	(28,481,724)

Total net position - governmental activities **\$ 35,428,817**

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF REEDSBURG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	GENERAL FUND	DEBT SERVICE FUND		TOTAL	TOTAL
		REFERENDUM APPROVED		NONMAJOR GOVERNMENTAL FUNDS	GOVERNMENTAL FUNDS
REVENUES					
Property taxes	\$ 10,136,201	\$ 2,600,000		\$ 150,000	\$ 12,886,201
Other local sources	284,546	2,660		708,654	995,860
Interdistrict sources	1,308,071	-		-	1,308,071
Intermediate sources	181,734	-		-	181,734
State sources	23,257,530	-		4,903	23,262,433
Federal sources	4,354,285	-		1,819,069	6,173,354
Other sources	327,820	-		744	328,564
TOTAL REVENUES	<u>39,850,187</u>	<u>2,602,660</u>		<u>2,683,370</u>	<u>45,136,217</u>
EXPENDITURES					
Current					
Instruction					
Regular instruction	12,729,960	-		-	12,729,960
Vocational instruction	1,058,201	-		-	1,058,201
Special instruction	5,502,786	-		-	5,502,786
Other instruction	2,313,801	-		573,564	2,887,365
Total instruction	<u>21,604,748</u>	<u>-</u>		<u>573,564</u>	<u>22,178,312</u>
Support services					
Pupil services	2,032,426	-		-	2,032,426
Instructional staff services	2,926,149	-		-	2,926,149
General administration services	670,846	-		-	670,846
Building administration services	1,990,601	-		-	1,990,601
Business services	4,932,508	-		1,440,032	6,372,540
Central services	302,236	-		582	302,818
Insurance	316,837	-		-	316,837
Other support services	467,972	-		-	467,972
Community services	-	-		274,964	274,964
Total support services	<u>13,639,575</u>	<u>-</u>		<u>1,715,578</u>	<u>15,355,153</u>
Non-program transactions	3,031,186	-		-	3,031,186
Debt service					
Principal	-	1,155,000		-	1,155,000
Interest	-	930,019		-	930,019
Total debt service	<u>-</u>	<u>2,085,019</u>		<u>-</u>	<u>2,085,019</u>
Capital outlay	1,004,866	-		48,641	1,053,507
TOTAL EXPENDITURES	<u>39,280,375</u>	<u>2,085,019</u>		<u>2,337,783</u>	<u>43,703,177</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>569,812</u>	<u>517,641</u>		<u>345,587</u>	<u>1,433,040</u>
OTHER FINANCING (USES) SOURCES					
Sale of capital assets	6,085	-		-	6,085
NET CHANGE IN FUND BALANCE	575,897	517,641		345,587	1,439,125
FUND BALANCE - BEGINNING OF YEAR	8,597,696	1,728,252		902,478	11,228,426
FUND BALANCE - END OF YEAR	<u>\$ 9,173,593</u>	<u>\$ 2,245,893</u>		<u>\$ 1,248,065</u>	<u>\$ 12,667,551</u>

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF REEDSBURG

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds \$ 1,439,125

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

The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Capital outlay reported in fund statements	\$ 1,053,507	
Capital outlay reported as other expenses in fund statements	5,241	
Depreciation expense reported in the statement of activities	(1,681,154)	
Net book value of capital assets disposed	<u>(895)</u>	
Amount by which capital outlays are less than depreciation in the current period:		(623,301)

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.

This year the accrual of these benefits increased by:	(19,707)
---	----------

Wisconsin Retirement System pension asset, deferred outflows of resources, liability, and deferred inflows of resources changes:	2,185,451
--	-----------

Wisconsin Retirement System LRLIF deferred outflows of resources, liability, and deferred inflows of resources changes:	(205,956)
---	-----------

OPEB supplemental pension deferred outflows of resources, liability, and deferred inflows of resources changes:	17,466
---	--------

OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources changes:	64,383
---	--------

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 and does not affect the statement of activities.

Amount of long-term debt principal payments in the current year is:	1,155,000
---	-----------

In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues.

Amount of interest and other debt costs paid during the current period is	\$ 930,019	
Amount of interest and other debt costs accrued during the current period is	<u>(863,169)</u>	
Interest paid is greater than interest accrued by:		<u>66,850</u>

Change in net position - governmental activities	<u>\$ 4,079,311</u>
---	----------------------------

The accompanying notes are an integral part of these statements.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the School District of Reedsburg (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States of America 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.

Reporting Entity - The School District of Reedsburg is organized as a common school district. The District, governed by a seven member elected school board, operates grades K through 12 and is comprised of all or parts of twenty taxing districts.

The District's basic financial statements do not include any components units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the District has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the District's financial accountability for a legally separate organization: the District is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

Basis of Presentation

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the District's primary operating fund.

Referendum Approved Debt Service Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

Measurement Focus and Basis of Accounting

The district-wide and fiduciary fund 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 at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

Cash and Investments - The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts, such as the debt service fund.

Investments are stated at fair value, if applicable, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average investment balances.

Property Tax Levy - Under Wisconsin law, personal property taxes and first and second installment real estate taxes are collected by municipal treasurers who then make proportional settlement with the District and county treasurer for those taxes collected on their behalf. Third installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and the District before retaining any for county purposes. Taxes collected by the township are made in two installments, the first by the town, and the second by the county treasurer.

The District's property taxes are levied on or before November 1 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31, and a final payment no later than the following July 31. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15, and by the 20 of each subsequent month thereafter. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance. The county assumes all responsibility for delinquent real estate property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2021 tax levy is used to finance operations of the District's fiscal year ended June 30, 2022. All property taxes are considered due on January 1, when an enforceable lien may be assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

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

Due To/From Other Funds - During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as due to and from other funds. The amounts reported on the statement of net position for receivable/payable from external parties represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as transfers, and exchange transactions are recorded as revenues and expenses.

Inventories - Inventories are valued at cost using the first-in/first-out method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

Capital Assets - Capital assets are reported at actual cost or estimated historical costs. Donated assets are reported at estimated acquisition value at the date of donation.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$5,000	Straight-line	50 years
Land improvements	\$5,000	Straight-line	5-15 years
Furniture and equipment	\$5,000	Straight-line	5-15 years
Computer and related technology	\$5,000	Straight-line	5 years

Debt Premiums and Discounts - In the government-wide financial statements, debt premiums and discounts are amortized over the life of the debt. Long-term debt is reported net of the applicable debt premium or discount.

In the fund financial statements, premiums and discounts are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

Compensated Absences - The District's policy permits employees to accumulate earned, but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide statements. A liability for those amounts is recorded in the government funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits where applicable.

Accumulated sick leave lapses upon separation from government service therefore no monetary obligation exists.

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 (revenue), information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

Other Post Employment Benefits (OPEB) - The fiduciary net position of the local retiree life insurance fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post employment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and 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 represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has three items that qualify for reporting in this category. They are Wisconsin Retirement System pension, Wisconsin Retirement System Local Retiree Life Insurance Fund (LRLIF), and OPEB healthcare reported in the government-wide statement of net position. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

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 represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has three types of items, Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare which qualify for reporting in this category. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance Classifications - The District classifies its fund equity as follows: 1) nonspendable fund balance consists of equity that is not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 1 - Summary of Significant Accounting Policies - Continued

constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the District itself, using its highest level of decision making authority - Board of Education policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The Board of Education has authorized the Business Manager to assign fund balances through its Fund Balance policy and 5) unassigned fund balance consists of equity available for any purpose.

When net losses occur, it is the District's policy to record the net loss against committed fund balance, then assigned fund balance and lastly to unassigned fund balance (GASB 54 default for not having a policy). The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

NOTE 2 - Cash and Investments

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government investment pool administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund. No significant violations of these restrictions occurred during the year.

Determining Fair Value - 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; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District currently has no items requiring recurring fair value measurements.

Income Allocation - Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to those which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The District does not have an investment policy that would further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District does not have an investment policy that would further limit its investment choices. The Wisconsin Investment Series Cooperative is rated AAAM.

Custodial Credit Risk - Custodial credit is the risk that, in the event of a financial institution failure, the District's deposits may not be returned. The District does not have a policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 2 - Cash and Investments - Continued

Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2022, \$5,572,506 of the District's bank balance of \$12,286,748 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government or municipal securities held by the bank in the bank's name. \$6,047,644 was uninsured and uncollateralized.

NOTE 3 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2022 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,754,957	\$ -	\$ -	\$ 1,754,957
Capital assets being depreciated:				
Land improvements	20,141	180,874	-	201,015
Buildings and improvements	62,192,078	315,639	(11,939)	62,495,778
Equipment	10,847,309	562,235	(216,417)	11,193,127
Total capital assets being depreciated	<u>73,059,528</u>	<u>1,058,748</u>	<u>(228,356)</u>	<u>73,889,920</u>
Less accumulated depreciation for:				
Land improvements	(1,166)	(5,105)	-	(6,271)
Buildings and improvements	(20,854,795)	(1,324,944)	11,044	(22,168,695)
Equipment	(7,307,119)	(351,105)	216,417	(7,441,807)
Total accumulated depreciation	<u>(28,163,080)</u>	<u>(1,681,154)</u>	<u>227,461</u>	<u>(29,616,773)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>44,896,448</u>	<u>(622,406)</u>	<u>(895)</u>	<u>44,273,147</u>
Capital assets, net of accumulated depreciation	<u>\$ 46,651,405</u>	<u>\$ (622,406)</u>	<u>\$ (895)</u>	<u>\$ 46,028,104</u>

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 2,600
Vocational instruction	2,600
Other instruction	52,344
General administration services	4,098
Business services	1,599,776
Central services	8,925
Community services	10,811
Total	<u>\$ 1,681,154</u>

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 4 - Long-Term Obligations

Long-term obligations are as follows:

	Beginning			Ending	Amounts
	Balance	Increases	Decreases	Balance	Due Within
					One Year
Bonds payable	\$ 26,585,000	\$ -	\$ (1,155,000)	\$ 25,430,000	\$ 1,200,000
Premium	940,937	-	(56,162)	884,775	56,163
Vested vacation pay	52,337	72,044	(52,337)	72,044	72,044
Wisconsin Retirement System					
LRLIF	1,572,986	95,783	-	1,668,769	-
OPEB supplemental pension	66,475	9,534	(27,000)	49,009	27,000
OPEB healthcare	<u>211,508</u>	<u>14,219</u>	<u>(70,417)</u>	<u>155,310</u>	<u>62,011</u>
Total	<u>\$ 29,429,243</u>	<u>\$ 191,580</u>	<u>\$ (1,360,916)</u>	<u>\$ 28,259,907</u>	<u>\$ 1,417,218</u>

In prior years, the general and food service funds liquidated vested employee benefits. Interest cost incurred during the year totaled \$863,169 and total paid during the year aggregated \$930,019.

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The general obligation debt is expected to be repaid with general property taxes. General obligation debt at June 30, 2022 is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Bonds	12/20/17	3%	4/1/37	\$ 6,445,000
Bonds	5/30/18	3-5%	4/1/38	<u>18,985,000</u>
Total				<u>\$ 25,430,000</u>

General Obligation Debt Limit Calculation - The 2021 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,680,294,756. The legal debt limit and margin of indebtedness as of June 30, 2022, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10 percent of \$1,680,294,756)	\$ 168,029,476
Applicable long-term debt	(25,430,000)
Amount available in debt service fund	<u>2,245,893</u>
Margin of indebtedness	<u>\$ 144,845,369</u>

Maturities of Long-Term Obligations - Aggregate cash flow requirements for the retirement of long-term debt principal and interest are as follows:

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 4 - Long-term Obligations - Continued

Year Ending	Bonds			
	June 30	Principal	Interest	Total
2023	\$	1,200,000	\$ 887,269	\$ 2,087,269
2024		1,240,000	842,819	2,082,819
2025		1,280,000	805,619	2,085,619
2026		1,330,000	767,219	2,097,219
2027		1,395,000	708,419	2,103,419
2028-2032		7,780,000	2,665,144	10,445,144
2033-2037		9,180,000	1,297,781	10,477,781
2038		2,025,000	70,875	2,095,875
	\$	<u>25,430,000</u>	<u>\$ 8,045,145</u>	<u>\$ 33,475,145</u>

NOTE 5 - Wisconsin Retirement System Pension

General Information about the Pension Plan

Plan Description - The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

Vesting - 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.

Benefits Provided - Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 5 - Wisconsin Retirement System Pension - Continued

employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at or after age 55 (50 for protective occupations) and receive an actuarially-reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

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

Contributions - Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category was merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$1,361,407 in contributions from the employer.

Contribution rates as of June 30, 2022 are:

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 5 - Wisconsin Retirement System Pension - Continued

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

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

At June 30, 2022, the District reported a liability (asset) of (\$9,439,086) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.11710758%, which was a decrease of 0.000289% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense (revenue) of \$(821,999).

At June 30, 2022, 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	\$ 15,248,368	\$ 1,099,572
Net differences between projected and actual earnings on pension plan investments	-	21,116,021
Changes in assumptions	1,761,010	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,038	11,852
Employer contributions subsequent to the measurement date	701,449	-
Total	\$ 17,720,865	\$ 22,227,445

\$701,449 reported as deferred outflows of resources related to pension resulting from the WRS employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 5 - Wisconsin Retirement System Pension - Continued

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2023	\$ (441,256)
2024	(2,561,022)
2025	(1,127,112)
2026	(1,078,639)
Thereafter	-

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

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020. Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.*

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

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

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 5 - Wisconsin Retirement System Pension - Continued

Asset Allocation Targets and Expected Returns
As of December 31, 2021

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund	115	6.6	4
Variable Fund Asset Class			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

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

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

The investment policy used for the Core fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount Rate - A single discount rate of 6.8% was used to measure the total pension, as opposed to a discount rate of 7% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan 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 municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 5 - Wisconsin Retirement System Pension - Continued

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
District's proportionate share of the net pension liability (asset)	\$ 6,697,701	\$ (9,439,086)	\$ (21,054,570)

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

Payables to the Pension Plan - The District reported a payable of \$249,483 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund

General Information about the Other Post Employment Benefits

Plan Description - The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

OPEB Plan Fiduciary Net Position - ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

Benefits Provided - The LRLIF plan provides fully paid life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for coverage.

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

Employers are required to pay the following contributions based on employee contributions for active members to provide them with basic coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2022 are:

Coverage Type	Employer Contribution
50% post retirement coverage	40% of employee contribution
25% post retirement coverage	20% of employee contribution

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2021 are as listed below:

Life Insurance
 Member Contribution Rates
 For the year ended December 31, 2021

Attained Age	Basic	Supplemental
Under 30	\$.05	\$.05
30-34	.06	.06
35-39	.07	.07
40-44	.08	.08
45-49	.12	.12
50-54	.22	.22
55-59	.39	.39
60-64	.49	.49
65-69	.57	.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$5,508 in contributions from the employer.

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

At June 30, 2022, the District reported a liability (asset) of \$1,668,769 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.282346%, which was a decrease of 0.003614% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$214,504.

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

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 84,888
Net differences between projected and actual earnings on OPEB plan investments	21,712	-
Changes in assumptions	504,192	80,886
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,339	16,064
Employer contributions subsequent to the measurement date	2,768	-
Total	\$ 563,011	\$ 181,838

\$2,768 was reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2023	\$ 88,870
2024	86,351
2025	78,980
2026	90,790
Thereafter	33,414

Actuarial Assumptions - The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset):	December 31, 2021
Experience Study:	January 1, 2018-December 31, 2020. Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study,

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

actuarial assumptions used to measure the total OPEB liability changed from the prior year, including the price inflation, mortality and separation rates. The total OPEB liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB Life Insurance
 Asset Allocation Targets and Expected Returns
 As of December 31, 2021

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
US Intermediate Credit Bonds	Bloomberg US Intern Credit	45	1.68
US Long Credit Bonds	Bloomberg US Long Credit	5	1.82
US Mortgages	Barclays US MBS	50	1.94
Inflation			2.3
Long-term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.2% as of December 31, 2020 to 2.3% as of December 31, 2021.

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

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.17 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
District's proportionate share of the net OPEB liability (asset)	\$ 2,263,918	\$ 1,668,769	\$ 1,220,944

Payables to the Pension Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

NOTE 7 - Supplemental Pension Defined Benefit Plan

General Information about the Supplemental Pension Plan

Plan Description - The supplemental pension is a single employer defined benefit pension plan. Benefit terms are established by employee handbooks and may be modified by the Board of Education. The plan is administered by the District and included in the District's financial statements.

Benefits Provided - The benefit of active administrators is based on a minimum of 10 consecutive years of service in the District and having reached the age of 50 on December 31 of the school year when the benefit is to be received, will receive \$13,500 into a 403(b) while employed for a maximum of 8 years or until employment ends, whichever occurs first. The benefit for teachers is based on a minimum 20 years of service in the District, having attained the age of 55 by June 30 in the year they retire.

Employees Covered - As of the June 30, 2022 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants for administrators. The plan is closed to new entrants for teachers.

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>6</u>
Total	<u><u>7</u></u>

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2022

NOTE 7 - Supplemental Pension Defined Benefit Plan - Continued

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2022, contribution rates for plan members was \$0 per participant per year and \$27,000 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$0 and the District contributed \$27,000 to the plan.

Actuarial Assumptions - The net supplemental pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2022
Actuarial Cost Method:	Entry Age Normal - Level %
Discount Rate:	3.5%
Salary Increases:	3%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. The net supplemental pension liability for June 30, 2021 is based upon an update of the liability calculated from the June 30, 2020 actuarial valuation.

Discount Rate - A discount rate of 3.5% was used to measure the total supplemental pension liability. This discount rate was based upon all years of projected payments discounted at a municipal bond rate of 3.5%. The projection of cash flows used to determine the discount rate assumed the 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 plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total supplemental pension liability.

Changes in the Net Supplemental Pension Liability

	<u>Increase (Decrease)</u>
	<u>Net Pension Liability</u>
Beginning balance	\$ 66,475
Changes for the year:	
Service cost	8,154
Interest	1,284
Changes of assumptions or other input	96
Benefit payments, including refunds of employee contributions	<u>(27,000)</u>
Net changes	<u>(17,466)</u>
Ending balance	<u>\$ 49,009</u>

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 7 - Supplemental Pension Defined Benefit Plan - Continued

Sensitivity of the Net Supplemental Pension Liability to Changes in the Discount Rate -

The following presents the total supplemental pension liability calculated using the discount rate of 3.5 percent, as well as what the total supplemental pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current rate:

	1% Decrease to Discount Rate (2.5%)	Current Discount Rate (3.5%)	1% Increase to Discount Rate (4.5%)
Total supplemental pension liability	\$ 48,941	\$ 49,009	\$ 49,000

Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022, the District recognized pension expense of \$9,534.

At June 30, 2022, 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	\$ -	\$ -
Net differences between projected and actual earnings on pension plan investments	-	-
Changes in assumptions	-	-
Employer contributions subsequent to the measurement date	-	-
Total	\$ -	\$ -

Zero reported as deferred outflows related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net pension liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in expense as follows:

Year ending June 30	Deferred Outflows and (Inflows) of Resources
2023	\$ -
2024	-
2025	-
2026	-
2027	-
Thereafter	\$ -

Payables to the Pension Plan - The District reported a payable of zero for the outstanding amount of contributions to the supplemental pension plan required for the year ended June 30, 2022.

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 8 - Post Employment Benefits Other Than Pensions

General Information about the Post Employment Benefits Other Than Pensions

Plan Description - The other post employment benefits (OPEB) other than pensions is a single-employer defined benefit OPEB plan. Benefit terms are established by employee handbooks and may be modified by the Board of Education. The plan is administered by the District and included in the District's financial statements.

Benefits Provided - There is one administrator eligible for other post employment benefits. The maximum monthly medical premium contributed by the District is \$1,472 and ends September 30, 2024.

Eligible teacher retirees receive District contributions towards medical premiums, annual HRA contributions for a period of 8 years for those retired in 2011 or prior or 7 years for those retired in 2012 and after or Medicare eligibility. Effective July 1, 2015 the post employment health insurance benefit for teachers ended. Starting with the 2015-16 school year teachers were eligible for a Tax Sheltered Annuity (TSA) contribution.

Employees Covered - As of the June 30, 2022 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>441</u>
Total	<u>451</u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums. For the year ended June 30, 2022, contribution rates for Plan members were \$0 - \$787 per participant per month and \$785 - \$1,442 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed zero and the District contributed \$43,072 to the plan.

Actuarial Assumptions - The total OPEB healthcare liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2022
Actuarial Cost Method:	Entry Age Normal - Level %
Discount Rate:	3.5%
Salary Increases:	3%
Mortality:	Wisconsin 2018 Mortality Table
Medical Care Cost Trend:	6.5% in the first year decreasing by .1% per year to 5%, and level thereafter

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

on the data as of June 30, 2020. Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System experience from 2015 - 2017.

The OPEB liability for June 30, 2021 is based upon an update of the liability calculated from the June 30, 2020 actuarial valuation.

Discount Rate - A discount rate of 3.5% was used to measure the total OPEB healthcare liability. This discount rate was based on a 20 year municipal bond rate. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability.

Changes in the Total OPEB Healthcare Liability

	<u>Increase (Decrease)</u>
	Total OPEB Healthcare Liability
Beginning balance	\$ 211,508
Changes for the year:	
Service cost	10,045
Interest	4,174
Changes of assumptions or other input	(8,406)
Benefit payments	(62,011)
Net changes	(56,198)
Ending balance	\$ 155,310

Sensitivity of the Total OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB healthcare liability calculated using the healthcare cost trend rate of 6.5 percent in first year, decreasing to 5 percent, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.5 percent in first year, decreasing to 4 percent) or 1-percentage-point higher (7.5 percent in first year, decreasing to 6 percent) than the current rate:

	1% Decrease (5.5% decreasing to 4%)	Healthcare Cost Trend Rates (6.5% decreasing to 5%)	1% Increase (7.5% decreasing to 6%)
Total OPEB healthcare liability	\$ 142,992	\$ 155,310	\$ 169,568

Sensitivity of the Total OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the total OPEB healthcare liability calculated using the discount rate of 3.5 percent, as well as what the total OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current rate:

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

	1% Decrease to Discount Rate (2.5%)	Current Discount Rate (3.5%)	1% Increase to Discount Rate (4.5%)
Total OPEB healthcare liability	\$ 162,023	\$ 155,310	\$ 148,749

Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB Healthcare

For the year ended June 30, 2022, the District recognized OPEB healthcare expense (revenue) of (\$2,371).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 143,314
Net differences between projected and actual earnings on pension plan investments	-	-
Changes in assumptions	52,086	7,565
Employer contributions subsequent to the measurement date	-	-
Total	\$ 52,086	\$ 150,879

Zero reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the total OPEB healthcare liability (asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense (revenue) as follows:

Year ending June 30	Deferred Outflows and (Inflows) of Resources
2023	\$ (15,938)
2024	(15,938)
2025	(15,938)
2026	(15,938)
2027	(15,938)
Thereafter	(19,103)

Payables to the OPEB Healthcare Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB Healthcare plan required for the year ended June 30, 2022.

NOTE 9 - Fund Balance and Net Position

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 9 - Fund Balance and Net Position - Continued

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Nonspendable</u>		
General	Inventory	\$ 140,583
<u>Restricted</u>		
General	Self-insurance	\$ 60,000
Food service	DPI regulation	\$ 759,891
Referendum debt service	Principal and interest	\$ 2,245,893
<u>Committed</u>		
General	Specific expenses	\$ 1,000,000
<u>Assigned</u>		
Special revenue trust	Specific expenses	\$ 387,916
Community service	Specific expenses	\$ 100,258
 <u>Governmental Activities</u>		
<u>Restricted</u>		
Special revenue	DPI regulation	\$ 759,891
Debt service	Principal and interest	\$ 2,245,893
Other activities	Self-insurance	\$ 60,000
Other activities	Wisconsin Retirement System pension	\$ 9,439,086

NOTE 10 - Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the District's policy is to purchase commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 11 - Commitments and Contingencies

The District has a service agreement with Cooperative Education Service Agency #5 for services to be provided to the District in 2022-2023. Expected costs are \$695,087.

The District is aware some older buildings contain some level of asbestos in which they will incur removal costs upon remodeling, selling, or abandoning these buildings at some future date. However, at this point, the District does not feel they have enough information to reasonably estimate the fair value of the asset retirement obligation and have not recorded a liability.

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

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2022

NOTE 12 - Limitation of School District Revenue

Wisconsin statutes limit the amount of revenue school districts may derive from general school aids and property taxes. This limitation does not apply to revenue needed for the 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 a referendum prior to August 12, 1993 and (b) a referendum on or after August 12, 1993.

NOTE 13 - Self-Funded Insurance

The District established a self-funded dental insurance plan for its employees. The Plan administrators are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for an administrative fee. The Plan reports on a fiscal year ending June 30, 2022.

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

The District has reported a liability of \$18,112, which represents reported and unreported claims which were incurred on or before June 30, 2022, but were not paid by the District as of that date. Changes in the claims liability for the year ended June 30, 2022 are as follows:

	<u>Year Ended June 30, 2022</u>
Beginning liability balance	\$ 21,883
Claims and changes in estimates	286,097
Claim payments	<u>(289,868)</u>
Ending liability balance	<u>\$ 18,112</u>

Claim payments are principally funded through charges to employees, which are paid through payroll deductions, and employer contributions to the dental plan.

The District did not receive an actuarial certification for the self-insured dental plan related to the adequacy of reserves, rates, or financial soundness of the plan.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**REQUIRED
SUPPLEMENTARY INFORMATION**

SCHOOL DISTRICT OF REEDSBURG
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH
	GENERAL	SPECIAL		GENERAL	SPECIAL		GENERAL	SPECIAL		FINAL BUDGET POSITIVE (NEGATIVE)
		EDUCATION	TOTAL		EDUCATION	TOTAL		EDUCATION	TOTAL	
REVENUES										
Property taxes	\$ 10,411,618	\$ -	\$ 10,411,618	\$ 10,132,198	\$ -	\$ 10,132,198	\$ 10,136,201	\$ -	\$ 10,136,201	\$ 4,003
Other local sources	99,212	-	99,212	218,513	-	218,513	284,546	-	284,546	66,033
Interdistrict sources	1,539,945	-	1,539,945	1,359,124	-	1,359,124	1,308,071	-	1,308,071	(51,053)
Intermediate sources	4,900	112,000	116,900	20,920	154,799	175,719	23,700	158,034	181,734	6,015
State sources	21,167,639	1,871,739	23,039,378	21,498,542	1,741,950	23,240,492	21,530,908	1,726,622	23,257,530	17,038
Federal sources	2,926,093	981,575	3,907,668	3,655,543	1,099,120	4,754,663	3,470,601	883,684	4,354,285	(400,378)
Other sources	46,158	-	46,158	342,094	-	342,094	327,820	-	327,820	(14,274)
TOTAL REVENUES	36,195,565	2,965,314	39,160,879	37,226,934	2,995,869	40,222,803	37,081,847	2,768,340	39,850,187	(372,616)
EXPENDITURES										
Current										
Instruction										
Regular instruction	13,250,921	-	13,250,921	12,865,889	-	12,865,889	12,729,960	-	12,729,960	135,929
Vocational instruction	1,049,395	-	1,049,395	1,056,928	-	1,056,928	1,058,201	-	1,058,201	(1,273)
Special instruction	-	5,642,225	5,642,225	-	5,834,982	5,834,982	-	5,502,786	5,502,786	332,196
Other instructor	1,907,996	-	1,907,996	2,366,427	-	2,366,427	2,313,801	-	2,313,801	52,626
Total instruction	16,208,312	5,642,225	21,850,537	16,289,244	5,834,982	22,124,226	16,101,962	5,502,786	21,604,748	519,478
Support services										
Pupil services	270,309	1,604,409	1,874,718	1,122,687	918,463	2,041,150	1,124,486	907,940	2,032,426	8,724
Instructional staff services	2,102,785	311,122	2,413,907	2,846,154	301,299	3,147,453	2,682,322	243,827	2,926,149	221,304
General administration services	560,090	-	560,090	686,801	-	686,801	670,846	-	670,846	15,955
Building administration services	2,044,388	-	2,044,388	1,991,221	-	1,991,221	1,990,601	-	1,990,601	620
Business services	4,753,816	68,893	4,822,709	4,754,028	113,715	4,867,743	4,819,307	113,201	4,932,508	(64,765)
Central services	249,318	5,100	254,418	321,495	10,975	332,470	292,147	10,089	302,236	30,234
Insurance	323,975	-	323,975	316,895	-	316,895	316,837	-	316,837	58
Other support services	70,429	-	70,429	455,623	-	455,623	467,972	-	467,972	(12,349)
Total support services	10,375,110	1,989,524	12,364,634	12,494,904	1,344,452	13,839,356	12,364,518	1,275,057	13,639,575	199,781
Non-program transactions	2,080,295	696,000	2,776,295	2,318,969	709,680	3,028,649	2,354,494	676,692	3,031,186	(2,537)
Capital outlay	1,095,865	-	1,095,865	731,328	106,550	837,878	902,354	102,512	1,004,866	(166,988)
TOTAL EXPENDITURES	29,759,582	8,327,749	38,087,331	31,834,445	7,995,664	39,830,109	31,723,328	7,557,047	39,280,375	549,734
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,435,983	(5,362,435)	1,073,548	5,392,489	(4,999,795)	392,694	5,358,519	(4,788,707)	569,812	177,118
OTHER FINANCING SOURCES (USES)										
Transfer (to) / from other funds	(5,364,618)	5,364,618	-	(5,000,507)	4,999,795	(712)	(4,788,707)	4,788,707	-	712
Sale of capital assets	-	-	-	6,085	-	6,085	6,085	-	6,085	-
TOTAL OTHER FINANCING SOURCES (USES)	(5,364,618)	5,364,618	-	(4,994,422)	4,999,795	5,373	(4,782,622)	4,788,707	6,085	712
NET CHANGE IN FUND BALANCE	1,071,365	2,183	1,073,548	398,067	-	398,067	575,897	-	575,897	177,830
FUND BALANCE - BEGINNING OF YEAR	8,597,696	-	8,597,696	8,597,696	-	8,597,696	8,597,696	-	8,597,696	-
FUND BALANCE - END OF YEAR	\$ 9,669,061	\$ 2,183	\$ 9,671,244	\$ 8,995,763	\$ -	\$ 8,995,763	\$ 9,173,593	\$ -	\$ 9,173,593	\$ 177,830

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 ON BUDGETARY ACCOUNTING AND CONTROL
 JUNE 30, 2022

NOTE 1 - Budgetary Information - Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by a Board of Education resolution.

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

1. Based upon requests from District staff, the District Administration recommends budget proposals to the Board of Education.
2. 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.
3. 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.
4. Pursuant to the budget hearing, the Board of Education may make alterations to the proposed budget.
5. After 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.
6. 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.
7. Encumbrance accounting is not used.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

NOTE 2 - Excess of Actual Expenditure Over Budget - The following expenditure classifications were in excess of \$1,000 over budget.

General/Special Education	Vocational instruction	\$ 1,273
General/Special Education	Business services	64,765
General/Special Education	Other support services	12,349
General/Special Education	Non-program transactions	2,537
General/Special Education	Capital outlay	166,988

SCHOOL DISTRICT OF REEDSBURG
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2022

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years *

Pension Plan Fiscal Year	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2021	0.11710758%	\$ (9,439,086)	\$20,223,989	-46.67%	106.02%
2020	0.11739658%	(7,329,231)	19,377,761	-37.82%	105.26%
2019	0.11757259%	(3,791,077)	18,911,713	-20.05%	102.96%
2018	0.11695830%	4,161,009	18,160,215	22.91%	96.45%
2017	0.11596323%	(3,443,085)	17,289,414	-19.91%	102.93%
2016	0.11460622%	944,629	16,804,931	5.62%	99.12%
2015	0.11358800%	1,845,788	16,317,624	11.31%	102.93%
2014	0.11257000%	(2,765,021)	15,737,228	-17.57%	96.45%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

District Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 1,361,407	\$ (1,361,407)	\$ -	\$ 20,568,686	6.62%
2021	1,307,997	(1,307,997)	-	19,377,761	6.75%
2020	1,238,725	(1,238,725)	-	18,911,713	6.55%
2019	1,216,721	(1,216,721)	-	18,160,215	6.70%
2018	1,175,849	(1,175,849)	-	17,289,414	6.80%
2017	1,109,112	(1,109,112)	-	16,804,931	6.60%
2016	1,112,750	(1,112,750)	-	16,317,624	6.82%
2015	1,101,606	(1,101,606)	-	15,737,228	7.00%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred within the fiscal year.

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2022

Changes of benefit terms - there were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions - Based on a three-year experience study conducted in 2021 covering January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- * Lowering the long-term expected rate of return from 7% to 6.8%
- * Lowering the discount rate from 7% to 6.8%
- * Lowering the price inflation rate from 2.5% to 2.4%
- * Lowering the post-retirement adjustments from 1.9% to 1.7%
- * Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

SCHOOL DISTRICT OF REEDSBURG
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED JUNE 30, 2022

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Last 10 Fiscal Years *

OPEB Plan Fiscal Year	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2021	0.28234600%	\$ 1,668,769	\$ 13,595,000	12.27%	29.57%
2020	0.28596000%	1,572,986	13,437,000	11.71%	31.36%
2019	0.28710600%	1,222,553	13,233,000	9.24%	37.58%
2018	0.28095000%	724,946	13,109,000	5.53%	48.69%
2017	0.26111400%	785,582	10,980,591	7.15%	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

District Fiscal Year End	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 5,508	\$ (5,508)	\$ -	\$ 13,477,274	0.04%
2021	5,702	(5,702)	-	13,437,000	0.04%
2020	5,190	(5,190)	-	13,233,000	0.04%
2019	5,412	(5,412)	-	13,109,000	0.04%
2018	4,958	(4,958)	-	10,980,591	0.05%

* The amounts presented for each fiscal year were determined as of the calendar year end which occurred within the fiscal year.

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2022

Changes of benefit terms - there were no recent changes in benefit terms.

Changes of assumptions - in addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

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

- * Lowering the price inflation rate from 2.5% to 2.4%
- * Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality table.

SCHOOL DISTRICT OF REEDSBURG
SUPPLEMENTAL PENSION DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2022

SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability						
Service cost	\$ 8,154	\$ 7,545	\$ 6,332	\$ 14,903	\$ 15,371	\$ 15,371
Interest	1,284	1,096	3,927	10,304	9,722	9,989
Differences between expected and actual experience	-	38,734	-	(109,971)	-	-
Changes of assumptions or other input	96	(19,109)	(821)	(32)	(115)	-
Benefit payments	<u>(27,000)</u>	<u>(13,500)</u>	<u>(133,500)</u>	<u>(13,500)</u>	<u>(42,000)</u>	<u>(24,000)</u>
Net Changes in Total Pension Liability	(17,466)	14,766	(124,062)	(98,296)	(17,022)	1,360
Total Pension Liability - Beginning	<u>66,475</u>	<u>51,709</u>	<u>175,771</u>	<u>274,067</u>	<u>291,089</u>	<u>289,729</u>
Total Pension Liability - Ending	\$ 49,009	\$ 66,475	\$ 51,709	\$ 175,771	\$ 274,067	\$ 291,089
Covered payroll	\$ 698,700	\$ 698,700	\$ 668,840	\$ 668,840	\$ 1,287,051	\$ 1,287,051
Total pension liability as a percentage of covered payroll	7.01%	9.51%	7.73%	26.28%	21.29%	22.62%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>(27,000)</u>	<u>(13,500)</u>	<u>(133,500)</u>	<u>(13,500)</u>	<u>(42,000)</u>	<u>(24,000)</u>
Contribution deficiency (excess)	<u>\$ (27,000)</u>	<u>\$ (13,500)</u>	<u>\$ (133,500)</u>	<u>\$ (13,500)</u>	<u>\$ (42,000)</u>	<u>\$ (24,000)</u>
Covered payroll	\$ 698,700	\$ 698,700	\$ 668,840	\$ 668,840	\$ 1,287,051	\$ 1,287,051
Contributions as a percentage of covered payroll	3.86%	1.93%	19.96%	2.02%	3.26%	1.86%
Actuarial valuation date	6/30/2020	6/30/2020	6/30/2018	6/30/2018	6/30/2016	6/30/2016
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2017. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2022

Methods and assumptions used to determine actuarial calculations - entry age normal, level %, 3.5% discount rate, 2.5% inflation, 3% salary increases, Wisconsin 2018 mortality table.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - the inflation rate changed from 2% to 2.5% and the discount rate changed from 2.25% to 3.5%.

SCHOOL DISTRICT OF REEDSBURG
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2022

SCHEDULE OF CHANGES IN THE NET OPEB HEALTHCARE LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Healthcare Liability						
Service cost	\$ 10,045	\$ 10,082	\$ 8,208	\$ -	\$ -	\$ -
Interest	4,174	5,790	13,313	31,486	45,103	62,442
Changes of benefit terms	-	-	-	(5,888)	-	-
Differences between expected and actual experience	-	(9,558)	-	(226,117)	-	-
Changes of assumptions or other input	(8,406)	1,187	10,250	73,271	(2,245)	-
Benefit payments	(62,011)	(96,587)	(214,911)	(457,301)	(526,455)	(589,218)
Net Changes in Total OPEB Healthcare Liability	(56,198)	(89,086)	(183,140)	(584,549)	(483,597)	(526,776)
Total OPEB Healthcare Liability - Beginning	211,508	300,594	483,734	1,068,283	1,551,880	2,078,656
Total OPEB Healthcare Liability - Ending (a)	\$ 155,310	\$ 211,508	\$ 300,594	\$ 483,734	\$ 1,068,283	\$ 1,551,880
Plan Fiduciary Net Position						
Net investment income	\$ -	\$ -	\$ -	\$ -	\$ 42,616	\$ 44,930
Benefit payments	-	-	-	-	(62,133)	(589,218)
Net Changes in Plan Fiduciary Net Position	-	-	-	-	(19,517)	(544,288)
Plan Fiduciary Net Position - Beginning	-	-	-	-	19,517	563,805
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,517
Net OPEB Healthcare Liability - Ending (a) - (b)	\$ 155,310	\$ 211,508	\$ 300,594	\$ 483,734	\$ 1,068,283	\$ 1,532,363
Plan fiduciary net position as a percentage of the net OPEB Healthcare liability	0.00%	0.00%	0.00%	0.00%	0.00%	1.26%
Covered payroll	\$ 19,754,148	\$ 19,754,148	\$ 14,459,187	\$ 14,459,187	\$ -	\$ -
Net OPEB Healthcare liability as a percentage of covered payroll	0.79%	1.07%	2.08%	3.35%	N/A	N/A

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ 412,420	\$ 540,702
Contributions in relation to the actuarially determined contributions	-	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ 412,420	\$ 540,702
Covered payroll	\$ 19,754,148	\$ 19,754,148	\$ 14,459,187	\$ 14,459,187	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	N/A	N/A
Actuarial valuation date	6/30/2020	6/30/2020	6/30/2018	6/30/2018	6/30/2016	6/30/2016
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2017. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2022

Methods and assumptions used to determine actuarial calculations - entry age normal cost, level %, fair market value asset valuation, 3.5% discount rate, 2.5% inflation rate, 3% salary increases, Wisconsin 2018 mortality table.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - the inflation rate changed from 2% to 2.5% and the discount rate changed from 2.25% to 3.5%.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF REEDSBURG

COMBINING BALANCE SHEETS

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2022

	SPECIAL REVENUE FUNDS			TOTAL
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and investments	\$ 392,516	\$ 910,558	\$ 110,639	\$ 1,413,713
Receivables				
Accounts	-	-	450	450
Due from other governments	-	1,272	-	1,272
TOTAL ASSETS	392,516	911,830	111,089	1,415,435
LIABILITIES				
Accounts payable	-	30,496	-	30,496
Accrued payroll liabilities	-	26,478	10,831	37,309
Due to other funds	4,600	-	-	4,600
Unearned revenue	-	94,965	-	94,965
TOTAL LIABILITIES	4,600	151,939	10,831	167,370
FUND BALANCES				
Restricted	-	759,891	-	759,891
Assigned	387,916	-	100,258	488,174
TOTAL FUND BALANCES	387,916	759,891	100,258	1,248,065
TOTAL LIABILITIES AND FUND BALANCES	\$ 392,516	\$ 911,830	\$ 111,089	\$ 1,415,435

SCHOOL DISTRICT OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2022

	SPECIAL REVENUE FUNDS			TOTAL
	TRUST	FOOD SERVICE	COMMUNITY SERVICE	NONMAJOR GOVERNMENTAL FUNDS
REVENUES				
Property taxes	\$ -	\$ -	\$ 150,000	\$ 150,000
Other local sources	606,045	88,788	13,821	708,654
State sources	-	4,903	-	4,903
Federal sources	-	1,819,069	-	1,819,069
Other sources	-	744	-	744
TOTAL REVENUES	606,045	1,913,504	163,821	2,683,370
EXPENDITURES				
Current				
Instruction				
Other instruction	573,564	-	-	573,564
Total instruction	573,564	-	-	573,564
Support service				
Business services	-	1,440,032	-	1,440,032
Central services	-	582	-	582
Community services	-	-	274,964	274,964
Total support services	-	1,440,614	274,964	1,715,578
Capital outlay	-	48,641	-	48,641
TOTAL EXPENDITURES	573,564	1,489,255	274,964	2,337,783
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	32,481	424,249	(111,143)	345,587
NET CHANGE IN FUND BALANCE	32,481	424,249	(111,143)	345,587
FUND BALANCES - BEGINNING OF YEAR	355,435	335,642	211,401	902,478
FUND BALANCES - END OF YEAR	\$ 387,916	\$ 759,891	\$ 100,258	\$ 1,248,065

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	ASSISTANCE LISTING NUMBER	PROGRAM OR AWARD AMOUNT	RECEIVABLE (UNEARNED REVENUE)		REVENUES		RECEIVABLE (UNEARNED REVENUE)		SUBRECIPIENT PASS-THROUGH EXPENDITURES
				JULY 1, 2021	JULY 1, 2022	GRANTOR REIMBURSEMENTS	EXPENDITURES	JUNE 30, 2022	JUNE 30, 2022	
U.S. DEPARTMENT OF AGRICULTURE										
Wisconsin Department of Public Instruction										
<u>Child Nutrition Cluster</u>										
COVID-19 - School Breakfast Program		10.553	N/A	\$ -	\$ 433,607	\$ 433,607	\$ -	\$ -	\$ -	\$ -
July 1, 2021 - June 30, 2022	2022-564753-DPI-SB-546									
Food Distribution		10.555	N/A	-	111,349	111,349	-	-	-	-
July 1, 2021 - June 30, 2022	None									
COVID-19 - National School Lunch Program		10.555	N/A	-	1,134,127	1,134,127	-	-	-	-
July 1, 2021 - June 30, 2022	2022-564753-DPI-NSL-547									
COVID-19 - National School Lunch Area Eligible Snack Program		10.555	N/A	52	52	-	-	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-NSLAE-566									
July 1, 2021 - June 30, 2022	2022-564753-DPI-SK_NSLAE-561				7,556	7,556	-	-	-	-
COVID-19 - Summer Food Service Program for Children		10.559	N/A	70,020	70,020	-	-	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-SFSP-566									
July 1, 2021 - June 30, 2022	2022-564753-DPI-SFSP-561				-	131,158	132,430	1,272	-	-
Total Child Nutrition Cluster				70,072	1,887,869	1,819,069	1,272	-	-	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				70,072	1,887,869	1,819,069	1,272	-	-	-
FEDERAL COMMUNICATIONS COMMISSION										
Universal Service Administrative Company										
Emergency Connectivity Fund Program (ARPA)		32.009	N/A	-	80,081	80,081	-	-	-	-
July 1, 2021 - June 30, 2022	None									
TOTAL FEDERAL COMMUNICATIONS COMMISSION				-	80,081	80,081	-	-	-	-
U.S. DEPARTMENT OF EDUCATION										
Wisconsin Department of Public Instruction										
<u>Title IA Cluster</u>										
Title IA - Grants to Local Educational Agencies		84.010A	N/A	136,265	136,265	-	-	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-TIA-141									
July 1, 2021 - June 30, 2022	2022-564753-DPI-TIA-141		\$ 594,114	463,467	578,711	115,244	-	-	-	-
Total Title IA Cluster				136,265	599,732	578,711	115,244	-	-	-
<u>Special Education Cluster</u>										
Special Education - Grants to States (IDEA Part B)		84.027A	N/A	159,611	159,611	-	-	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-IDEA-FT-341									
July 1, 2021 - June 30, 2022	2022-564753-DPI-FLOW-341		687,316	-	-	363,341	363,341	-	-	-
Special Education - Grants to States (ARPA) (IDEA Part B)		84.027X	N/A	-	-	139,887	139,887	-	-	-
July 1, 2021 - June 30, 2022	2022-564753-DPI-FLOW-341									
Special Education - Grants to States Discretionary		84.027A	N/A	98,376	98,376	-	-	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-IDEA-FT-341									
July 1, 2021 - June 30, 2022	2022-564753-DPI-FLOW-341		183,993	-	-	183,993	183,993	-	-	-
Special Education - Preschool Grants (IDEA Preschool)		84.173A	N/A	40,022	40,022	-	-	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-IDEA-P-347									
July 1, 2021 - June 30, 2022	2022-564753-DPI-PRESCH-347		44,166	-	-	12,823	12,823	-	-	-
Special Education - Preschool Grants (IDEA Preschool)		84.173X	N/A	-	-	3,360	3,360	-	-	-
July 1, 2021 - June 30, 2022	2022-564753-DPI-PRESCH-347									
Total Special Education Cluster				298,009	298,009	703,404	703,404	-	-	-
Title IV - Twenty-First Century Community Learning Centers		84.287	N/A	36,711	36,711	-	-	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-T-IV-B-367									
July 1, 2021 - June 30, 2022	2022-564753-DPI-TIVB-367		146,639	-	136,318	146,639	10,321	-	-	-
Title III-A - English Language Acquisition Grants		84.365A	N/A	5,587	5,587	-	-	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-TIIIA-391									
July 1, 2021 - June 30, 2022	2022-564753-DPI-TIIIA-391		18,909	-	7,454	9,883	2,429	-	-	-
Title III-A - English Language Acquisition Grants Discretionary		84.365A	N/A	5,037	5,037	-	-	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-TIIIA-391									
Title II-A - Supporting Effective Instruction State Grants		84.367A	N/A	27,413	27,413	-	-	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-TIIA-365									
July 1, 2021 - June 30, 2022	2022-564753-DPI-TIIA-365		114,400	-	28,339	98,651	70,312	-	-	-
Title IV-A - Student Support and Academic Enrichment		84.424A	N/A	8,202	8,202	-	-	-	-	-
July 1, 2020 - June 30, 2021	2021-564753-DPI-TIV-A-381									
July 1, 2021 - June 30, 2022	2022-564753-DPI-TIVA-381		52,395	-	34,756	38,103	3,347	-	-	-
<u>Education Stabilization Fund</u>										
COVID-19 - Elementary and Secondary School Emergency Relief Fund		84.425D	N/A	139,616	139,616	-	-	-	-	-
March 13, 2020 - September 30, 2022	2021-564753-DPI-ESSERF-160									
COVID-19 - Elementary and Secondary School Emergency Relief Fund		84.425D		1,310,541	703,510	1,136,741	433,231	-	-	-
March 13, 2020 - September 30, 2023	2022-564753-DPI-ESSERFII-163									
COVID-19 - Elementary and Secondary School Emergency Relief Fund		84.425U		1,076,808	399,511	574,608	175,097	-	-	-
March 13, 2020 - September 30, 2024	2022-564753-DPI-ESSERFIII-165									
Total Education Stabilization Fund				139,616	1,242,637	1,711,349	608,328	-	-	-
Cooperative Educational Service Agency #5		84.048	N/A	-	19,400	19,400	-	-	-	-
Career and Technical Education - Basic Grants to States (Perkins IV)										
July 1, 2021 - June 30, 2022	None									
TOTAL U.S. DEPARTMENT OF EDUCATION				656,840	2,449,595	3,306,140	1,513,385	-	-	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
Wisconsin Department of Health Services										
<u>Medicaid Cluster</u>										
Medical Assistance		93.778	N/A	16,532	16,532	-	-	-	-	-
July 1, 2020 - June 30, 2021	None									
July 1, 2021 - June 30, 2022	None									
Total Medicaid Cluster				16,532	529,359	582,881	70,054	-	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				16,532	529,359	582,881	70,054	-	-	-
TOTAL FEDERAL AWARDS				\$ 743,444	\$ 4,946,904	\$ 5,788,171	\$ 1,584,711	\$ -	\$ -	\$ -

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2022

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	STATE I.D. NUMBER	RECEIVABLE	REVENUE		RECEIVABLE	SUBRECIPIENT
			(UNEARNED REVENUE) JULY 1, 2021	GRANTOR REIMBURSEMENTS	EXPENDITURES	(UNEARNED REVENUE) JUNE 30, 2022	PASS-THROUGH EXPENDITURES
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Wisconsin Department of Public Instruction							
Special Education and School Age Parents	564753-100	255.101	\$ 38,780	\$ 1,851,283	\$ 1,812,503	\$ -	\$ -
Common School Fund Library Aid	564753-104	255.103	-	126,529	126,529	-	-
Bilingual/Bicultural Aid	564753-111	255.106	-	6,664	6,664	-	-
General Transportation Aid	564753-102	255.107	-	148,879	148,879	-	-
Wisconsin Morning Milk Program	564753-109	255.115	-	4,903	4,903	-	-
General Aids Cluster							
Equalization Aid	564753-116	255.201	288,133	18,397,839	18,109,706	-	-
High Cost Special Education Aid	564753-119	255.210	-	72,152	72,152	-	-
Aid for School Mental Health Programs	564753-176	255.227	-	-	12,960	12,960	-
Peer Review and Mentoring	564753-141	255.301	24,991	24,991	23,818	23,818	12,500
Early College Credit Program	564753-178	225.445	-	704	704	-	-
Student Achievement Guarantee in Education	564753-160	255.504	-	919,919	919,919	-	-
Educator Effectiveness Evaluation System	564753-154	255.940	21,440	41,520	20,080	-	-
Per Pupil Aid	564753-113	255.945	-	1,991,528	1,991,528	-	-
Assessment of Reading Readiness	564753-166	255.956	-	3,920	3,920	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			<u>373,344</u>	<u>23,590,831</u>	<u>23,254,265</u>	<u>36,778</u>	<u>12,500</u>
WISCONSIN DEPARTMENT OF ADMINISTRATION							
TEACH	None	None	-	35,993	35,993	-	-
WISCONSIN DEPARTMENT OF NATURAL RESOURCES							
Payment in Lieu of Taxes	None	None	-	21,745	21,745	-	-
WISCONSIN DEPARTMENT OF REVENUE							
Exempt Computer Aid	None	None	17,319	17,319	17,554	17,554	-
Exempt Personal Property Aid	None	None	-	90,909	90,909	-	-
TOTAL WISCONSIN DEPARTMENT OF REVENUE			<u>17,319</u>	<u>108,228</u>	<u>108,463</u>	<u>17,554</u>	<u>-</u>
TOTAL STATE FINANCIAL ASSISTANCE			\$ 390,663	\$ 23,756,797	\$ 23,420,466	\$ 54,332	\$ 12,500

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2022

NOTE 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the School District of Reedsburg. The information in these schedules is presented in accordance with the requirements of Uniform Guidance and *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable and are limited as to reimbursement.

NOTE 3 - Special Education and School Age Parents Program

2021-2022 eligible costs under the State Special Education Program are \$6,022,053.

NOTE 4 - Food Distribution Program

Non-monetary assistance is reported in the schedule of federal awards at the fair market value of the commodities received and used.

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

OTHER REPORTS



**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
School District of Reedsburg
Reedsburg, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Reedsburg, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District of Reedsburg's basic financial statements and have issued our report thereon dated October 31, 2022.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. We consider the 2022-001 and 2022-002 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

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

School District of Reedsburg's Responses to Findings

School District of Reedsburg's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. School District of Reedsburg's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HAWKINS ASH CPAS, LLP

A handwritten signature in black ink that reads "Hawkins Ash CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Manitowoc, Wisconsin
October 31, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
THE UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES**

To the Board of Education
School District of Reedsburg
Reedsburg, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited School District of Reedsburg's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of School District of Reedsburg's major federal and state programs for the year ended June 30, 2022. School District of Reedsburg's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, School District of Reedsburg complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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

We are required to be independent of School District of Reedsburg and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of School District of Reedsburg's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to School District of Reedsburg's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding School District of Reedsburg's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of School District of Reedsburg's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of School District of Reedsburg's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

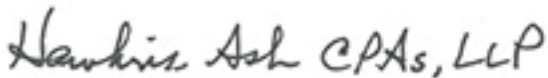
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
October 31, 2022

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	_____	Yes	_____	<u>X</u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	Yes	_____		None reported
Noncompliance material to the financial statements?	_____	Yes	_____	<u>X</u>	No

Federal Awards

Internal control over financial reporting:

Material weakness identified?	_____	Yes	_____	<u>X</u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	Yes	_____	<u>X</u>	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 Uniform Guidance?

	_____	Yes	_____	<u>X</u>	No
--	-------	-----	-------	----------	----

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425D/84.425U	Education Stabilization Fund
93.778	Medical Assistance

State Assistance

Internal control over financial reporting:

Material weakness identified?	_____	Yes	_____	<u>X</u>	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	Yes	_____	<u>X</u>	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 *State Single Audit Guidelines*?

	_____	Yes	_____	<u>X</u>	No
--	-------	-----	-------	----------	----

SCHOOL DISTRICT OF REEDSBURG
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
 JUNE 30, 2022

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.201	Equalization Aid
255.945	Per Pupil Aid

Dollar threshold used to distinguish between:

Type A and Type B federal programs:	\$750,000
Type A and Type B state programs:	\$250,000

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings and Questioned Costs

2022-001 - Preparation of Financial Statements

Program: District-Wide

Criteria: Adequate internal controls necessitate personnel to have knowledge and training which would enable them to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: Personnel cannot prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

Prior Year Finding: This was a prior year audit finding numbered 2021-001.

Recommendation: Obtain adequate training or continue to hire a certified public accounting (CPA) firm to prepare GAAP basis financial statements.

Management's Response: Due to the complexities involved with preparing GAAP basis financial statements, management has weighed the cost-benefit of training personnel or hiring a CPA firm. Management has concluded to hire a CPA firm.

2022-002 - Segregation of Duties

Program: District-Wide

Criteria: Segregation of accounting duties is necessary for adequate internal control.

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2022

Condition: Separation of accounting duties for adjusting journal entries, cash receipts, cash disbursements and payroll is currently limited to obtain an adequate internal control system.

Questioned Costs: Not applicable.

Context: The number of personnel limits the separation of accounting duties.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Systemic problem.

Prior Year Finding: This was a prior year audit finding numbered 2021-002.

Recommendation: Management should monitor the accounting internal controls or hire additional personnel to be able to properly separate accounting duties.

Management's Response: This weakness is impractical to entirely correct due to the limited resources and personnel available to our District. We will continue to use other controls, where practical, to compensate for this limitation.

Section III - Federal and State Award Findings and Questioned Costs

None



501 K Street | Reedsburg, WI 53959 | (608) 524-2016 | www.rsd.k12.wi.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
JUNE 30, 2022

Summary Schedule of Prior Audit Findings

2021-001 - Preparation of Financial Statements - Repeat. Initially occurred 6/30/20.

2021-002 - Segregation of Duties - Repeat. Initially occurred 6/30/20.

Corrective Action Plan

2022-001 - Preparation of Financial Statements - Contact: Debra Michel, Director of Business Services. Completion date: N/A. Due to the complexities of governmental reporting in accordance with GAAP, i.e. financial statements and related disclosure reporting, District management has weighed the cost benefit of training current staff or hiring a Certified Public Accountant on staff for the purposes of preparing the external financial statements in accordance with GAAP. District management has concluded to outsource the preparation of the external financial statements and related disclosures to their certified public accounting firm, which is an acceptable practice according to *Government Auditing Standards*. District management will review and approve the externally prepared financial statements.

2022-002 - Segregation of Duties - Contact: Debra Michel, Director of Business Services. Completion date: N/A. The segregation of duties weakness is impractical to completely correct due to the limited resources and staff available to our District. We will continue to use other controls, where practical, to compensate for this limitation.