

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2023

SCHOOL DISTRICT OF REEDSBURG
TABLE OF CONTENTS
JUNE 30, 2023

Page

3-5 Independent Auditors' Report

6-14 Management's Discussion and Analysis

BASIC FINANCIAL STATEMENTS

District-Wide Financial Statements

15 Statement of Net Position

16 Statement of Activities

Fund Financial Statements

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

20-45 Notes to the Basic Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION

46 Budgetary Comparison Schedule for the General Fund - Budget and Actual

47 Notes to Required Supplementary Information on Budgetary Accounting and
Control

48-50 Wisconsin Retirement System Pension Schedules

51 Wisconsin Retirement System Local Retiree Life Insurance Fund Schedules

52 Supplemental Pension Defined Benefit Plan Schedules

53 OPEB Healthcare Defined Benefit Plan Schedules

SUPPLEMENTARY INFORMATION

54 Combining Balance Sheets - Nonmajor Governmental Funds

SCHOOL DISTRICT OF REEDSBURG
TABLE OF CONTENTS - Continued
JUNE 30, 2023

Page

SUPPLEMENTARY INFORMATION - Continued

| | |
|----|--|
| 55 | Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds |
| 56 | Schedule of Expenditures of Federal Awards |
| 57 | Schedule of State Financial Assistance |
| 58 | Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance |

OTHER REPORTS

| | |
|-------|---|
| 59-60 | 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> |
| 61-63 | 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> |
| 64-66 | Schedule of Findings and Questioned Costs |
| 67 | Summary Schedule of Prior Audit Findings and Corrective Action Plan |

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| 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, 2023, 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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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

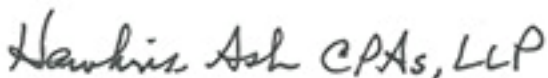
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District of Reedsburg's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and the schedule 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 November 16, 2023 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

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

Manitowoc, Wisconsin
November 16, 2023

**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, 2023. 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 \$47,054,880 including \$14,588,149 of property taxes, and \$24,726,006 of general state and federal aid. Total governmental activities expenditures were \$44,611,536; including \$23,834,137 for direct instruction.

The District's financial status, as reflected in total net position, increased by \$2,443,344.

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, 2023 compared to 2022. The District's combined net position increased by \$2,443,344. Specific causes of the increase are discussed later in this document.

| | <u>Governmental Activities</u> | | <u>Total % Change</u> |
|----------------------------------|--------------------------------|-------------------------|-----------------------|
| | <u>2023</u> | <u>2022</u> | <u>2022 - 2023</u> |
| Current and other assets | \$ 16,758 | \$ 26,876 | -37.6% |
| Capital assets | <u>44,795</u> | <u>46,028</u> | -2.7% |
| Total assets | <u><u>61,552</u></u> | <u><u>72,904</u></u> | -15.6% |
| Deferred outflows of resources | <u>22,614</u> | <u>18,336</u> | 23.3% |
| Long-term liabilities | | | |
| outstanding | 27,808 | 28,260 | -1.6% |
| Other liabilities | <u>4,755</u> | <u>4,991</u> | -4.7% |
| Total liabilities | <u><u>32,562</u></u> | <u><u>33,251</u></u> | -2.1% |
| Deferred inflows of resources | <u>13,732</u> | <u>22,560</u> | -39.1% |
| Net position: | | | |
| Net investment in capital assets | 24,416 | 19,713 | 23.9% |
| Restricted | 1,420 | 12,505 | -88.6% |
| Unrestricted | <u>12,036</u> | <u>3,211</u> | 274.8% |
| Total net position | <u><u>\$ 37,872</u></u> | <u><u>\$ 35,429</u></u> | 6.9% |

Note: Totals may not add due to rounding.

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

| | Governmental Activities | | Total % Change |
|------------------------------------|-------------------------|------------------|----------------|
| | 2023 | 2022 | 2022 - 2023 |
| Revenues | | | |
| Program revenues | | | |
| Charges for services | \$ 633 | \$ 360 | 75.8% |
| Operating grants and contributions | 5,067 | 5,474 | -7.4% |
| General revenues | | | |
| Property taxes | 14,588 | 12,823 | 13.8% |
| State and federal aid | 24,726 | 24,746 | -0.1% |
| Other | 2,041 | 1,738 | 17.4% |
| Total revenues | <u>47,055</u> | <u>45,141</u> | 4.2% |
| Expenses | | | |
| Instruction | 23,834 | 20,927 | 13.9% |
| Pupil and instructional services | 5,222 | 4,660 | 12.1% |
| Administration and business | 10,687 | 10,303 | 3.7% |
| Interest on debt | 880 | 863 | 2.0% |
| Other | 3,989 | 4,309 | -7.4% |
| Total expenses | <u>44,612</u> | <u>41,062</u> | 8.6% |
| Change in net position | 2,443 | 4,079 | -40.1% |
| Net position - beginning of year | <u>35,429</u> | <u>31,350</u> | 13.0% |
| Net position - end of year | <u>\$ 37,872</u> | <u>\$ 35,429</u> | 6.9% |

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 (53%) and property taxes (31%) to fund governmental activities. These two funding sources make up 84% 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)

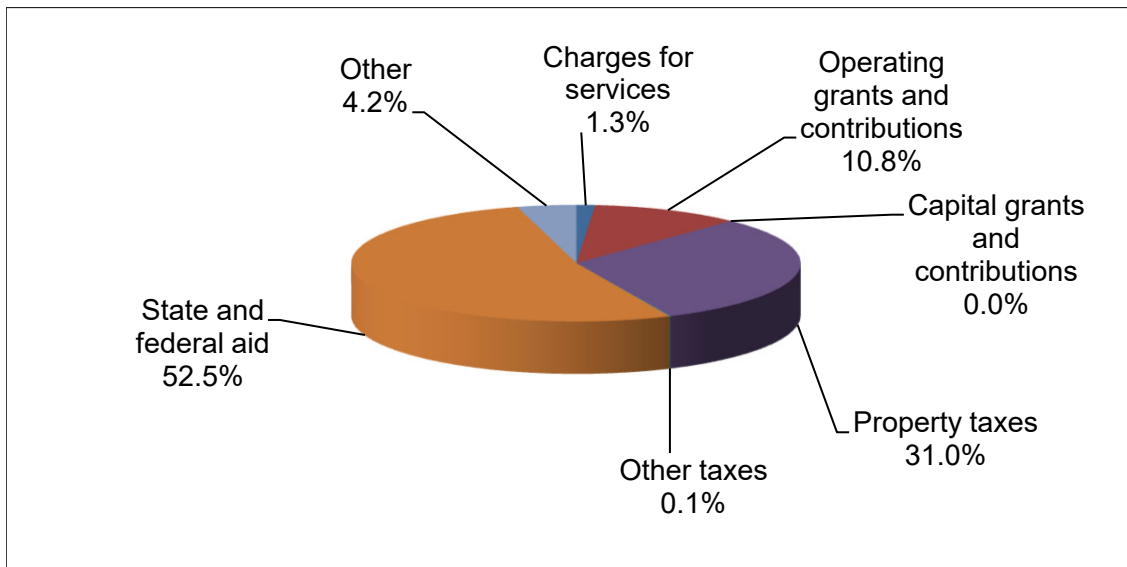
| | Net Cost of Services | | Total % Change |
|----------------------------------|----------------------|------------------|----------------|
| | 2023 | 2022 | 2022 - 2023 |
| Instruction | \$ 19,973 | \$ 17,369 | 15.0% |
| Pupil and instructional services | 5,059 | 4,533 | 11.6% |
| Administration and business | 9,027 | 8,167 | 10.5% |
| Interest on debt | 880 | 863 | 2.0% |
| Other | 3,972 | 4,296 | -7.5% |
| Total | \$ 38,911 | \$ 35,228 | 10.5% |

Note: Totals may not add due to rounding.

The cost of all governmental activities this year was \$44,611,536. Individuals who directly participated or benefited from a program offering paid for \$632,688 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$5,067,467. The net cost of governmental activities, \$38,911,381, was financed by general revenues of the District.

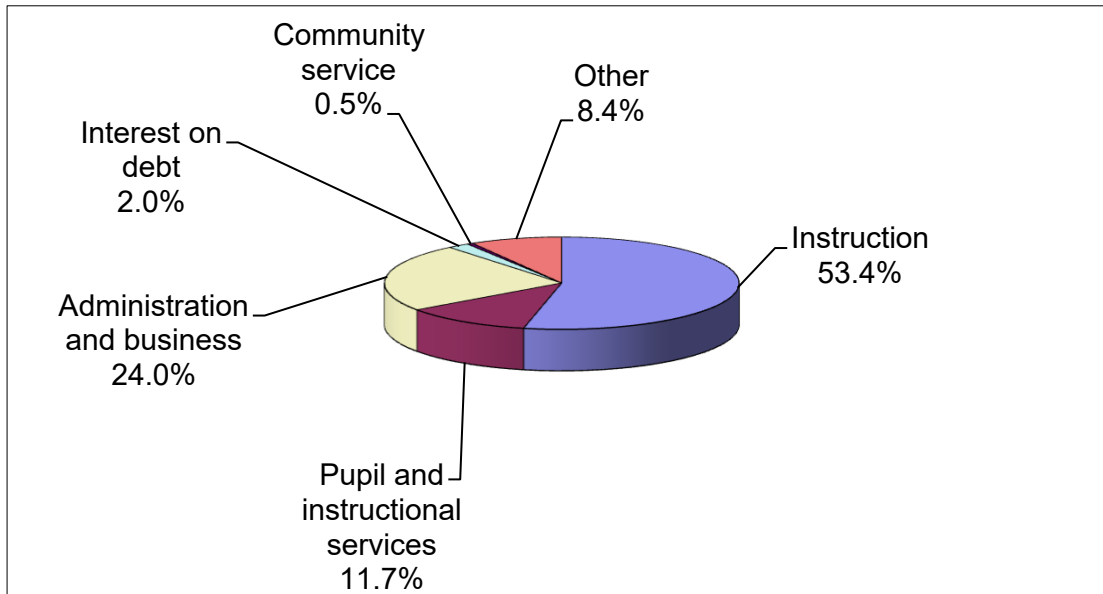
The composition of governmental revenues by type and expenditures by type are illustrated below.

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 \$12,172,814 down from last year's ending fund balance of \$12,667,551.

The general fund had an increase in fund balance of \$1,061,658.

The referendum approved debt service fund had a decrease in fund balance of \$1,877,001.

The other governmental funds had an increase in fund balance of \$320,606.

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 \$483,494 the actual results for the year show a \$1,061,658 increase.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023, the District had invested \$75,492,706 in capital assets, including land, land improvements, buildings, and equipment (See Table 4). Total accumulated depreciation on these assets is \$30,698,149. Asset acquisitions for governmental activities totaled \$425,570. The District recognized depreciation expense of \$1,659,117 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>2023</u> | <u>2022</u> | <u>2022 - 2023</u> |
| Land | \$ 1,755 | \$ 1,755 | 0.0% |
| Land improvements | 201 | 201 | 0.0% |
| Buildings | 62,404 | 62,496 | -0.1% |
| Equipment | 11,133 | 11,193 | -0.5% |
| Accumulated depreciation | <u>(30,698)</u> | <u>(29,617)</u> | 3.6% |
| Total | <u>\$ 44,795</u> | <u>\$ 46,028</u> | -2.7% |

Note: Totals may not add due to rounding.

Long-Term Obligations

At year-end, the District had \$27,807,680 in bonds, notes payable, and other long-term debt outstanding - a decrease of 2% 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 |
|-------------------------|------------------|------------------|----------------|
| | 2023 | 2022 | 2022 - 2023 |
| General obligation debt | \$ 19,550 | \$ 25,430 | -23.1% |
| Other | 8,258 | 2,830 | 191.8% |
| Total | <u>\$ 27,808</u> | <u>\$ 28,260</u> | -1.6% |

Note: Totals may not add due to rounding.

The District retired \$5,880,000 of bonds and notes payable during the year and other transactions increased total debt by \$5,427,773.

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 159 non-resident open enrollment students attended the School District of Reedsburg with 202 School District of Reedsburg students attending other schools through the open enrollment program. The number of outgoing students exceeds incoming students by 43. 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 2022 - 2023 school year by 1 student.

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, 2023

| | <u>GOVERNMENTAL ACTIVITIES</u> |
|--|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 11,492,290 |
| Receivables | |
| Accounts | 2,153 |
| Taxes | 4,004,853 |
| Due from other governments | 1,187,187 |
| Inventories | 71,195 |
| Capital assets (net of accumulated depreciation) | |
| Capital assets not being depreciated | 1,754,957 |
| Capital assets being depreciated | <u>43,039,600</u> |
| TOTAL ASSETS | <u>61,552,235</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Wisconsin Retirement System pension | 22,140,349 |
| Wisconsin Retirement System LRLIF | 430,286 |
| OPEB healthcare | <u>43,615</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | <u>22,614,250</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>84,166,485</u> |
| LIABILITIES | |
| Accounts payable | 89,108 |
| Self insurance claims payable | 18,906 |
| Accrued liabilities | |
| Payroll, payroll taxes, insurance | 4,351,479 |
| Interest | 169,755 |
| Deposits payable | 47,454 |
| Unearned revenue | 77,917 |
| Current portion of long-term obligations | 1,414,050 |
| Noncurrent portion of long-term obligations | <u>26,393,630</u> |
| TOTAL LIABILITIES | <u>32,562,299</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Wisconsin Retirement System pension | 12,837,862 |
| Wisconsin Retirement System LRLIF | 756,460 |
| OPEB healthcare | <u>137,703</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>13,732,025</u> |
| NET POSITION | |
| Net investment in capital assets | 24,415,945 |
| Restricted for | |
| Special revenue | 890,972 |
| Debt service | 368,892 |
| Capital projects | 100,000 |
| Other activities | 60,000 |
| Unrestricted | <u>12,036,352</u> |
| TOTAL NET POSITION | <u>37,872,161</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | <u>\$ 84,166,485</u> |

The accompanying notes are an integral part of these statements.

SCHOOL DISTRICT OF REEDSBURG

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

| 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 | \$ 13,645,437 | \$ 62,109 | \$ - | \$ (13,583,328) |
| Vocational instruction | 1,161,060 | 13,530 | - | (1,147,530) |
| Special instruction | 5,785,798 | - | 2,947,599 | (2,838,199) |
| Other instruction | 3,241,842 | 109,665 | 728,183 | (2,403,994) |
| Total instruction | <u>23,834,137</u> | <u>185,304</u> | <u>3,675,782</u> | <u>(19,973,051)</u> |
| Support services | | | | |
| Pupil services | 2,207,917 | - | - | (2,207,917) |
| Instructional staff services | 3,013,982 | - | 163,215 | (2,850,767) |
| General administration services | 838,969 | - | - | (838,969) |
| Building administration services | 1,932,045 | - | - | (1,932,045) |
| Business services | 7,915,656 | 430,970 | 1,228,470 | (6,256,216) |
| Central services | 261,821 | - | - | (261,821) |
| Insurance | 340,739 | - | - | (340,739) |
| Interest and other | 879,956 | - | - | (879,956) |
| Other support services | 186,835 | - | - | (186,835) |
| Community services | 235,155 | 16,414 | - | (218,741) |
| Total support services | <u>17,813,075</u> | <u>447,384</u> | <u>1,391,685</u> | <u>(15,974,006)</u> |
| Non-program transactions | 2,964,324 | - | - | (2,964,324) |
| TOTAL GOVERNMENTAL ACTIVITIES | \$ 44,611,536 | \$ 632,688 | \$ 5,067,467 | (38,911,381) |
| General revenues | | | | |
| Taxes | | | | |
| Property taxes | | | | |
| | | | | 14,588,149 |
| Other taxes | | | | |
| | | | | 45,713 |
| State and federal aids not restricted to specific functions | | | | |
| | | | | 24,726,006 |
| Interest and investment earnings | | | | |
| | | | | 78,165 |
| Miscellaneous | | | | |
| | | | | 1,916,692 |
| Total general revenues | | | | |
| | | | | <u>41,354,725</u> |
| CHANGE IN NET POSITION | | | | |
| | | | | 2,443,344 |
| NET POSITION - BEGINNING OF YEAR | | | | |
| | | | | 35,428,817 |
| NET POSITION - END OF YEAR | | | | |
| | | | | \$ 37,872,161 |

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, 2023

| | GENERAL FUND | DEBT SERVICE FUND REFERENDUM APPROVED | TOTAL NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|----------------------|---|--|--------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 9,547,032 | \$ 368,892 | \$ 1,576,366 | \$ 11,492,290 |
| Receivables | | | | |
| Accounts | 628 | - | 1,525 | 2,153 |
| Taxes | 4,004,853 | - | - | 4,004,853 |
| Due from other funds | - | - | 100,000 | 100,000 |
| Due from other governments | 1,183,459 | - | 3,728 | 1,187,187 |
| Inventories | 71,195 | - | - | 71,195 |
| TOTAL ASSETS | 14,807,167 | 368,892 | 1,681,619 | 16,857,678 |
| LIABILITIES | | | | |
| Accounts payable | 89,108 | - | - | 89,108 |
| Self insurance claims payable | 18,906 | - | - | 18,906 |
| Accrued payroll liabilities | 4,316,448 | - | 35,031 | 4,351,479 |
| Due to other funds | 100,000 | - | - | 100,000 |
| Deposits payable | 47,454 | - | - | 47,454 |
| Unearned revenue | - | - | 77,917 | 77,917 |
| TOTAL LIABILITIES | 4,571,916 | - | 112,948 | 4,684,864 |
| FUND BALANCES | | | | |
| Nonspendable | 71,195 | - | - | 71,195 |
| Restricted | 60,000 | 368,892 | 990,972 | 1,419,864 |
| Committed | 1,000,000 | - | - | 1,000,000 |
| Assigned | - | - | 577,699 | 577,699 |
| Unassigned | 9,104,056 | - | - | 9,104,056 |
| TOTAL FUND BALANCES | 10,235,251 | 368,892 | 1,568,671 | 12,172,814 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 14,807,167 | \$ 368,892 | \$ 1,681,619 | |

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 | \$ 75,492,706 | |
| Governmental accumulated depreciation | <u>(30,698,149)</u> | 44,794,557 |

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: 8,976,313

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: (94,088)

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 | \$ (20,378,612) | |
| Accrued interest | (169,755) | |
| WRS liability | (7,198,417) | |
| Vested employee benefits | (82,937) | |
| Net OPEB obligation | <u>(147,714)</u> | <u>(27,977,435)</u> |

Total net position - governmental activities **\$ 37,872,161**

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, 2023

| | GENERAL FUND | DEBT SERVICE FUND REFERENDUM APPROVED | TOTAL NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|---|--|--------------------------------|
| REVENUES | | | | |
| Property taxes | \$ 9,419,447 | \$ 4,964,415 | \$ 250,000 | \$ 14,633,862 |
| Other local sources | 335,329 | 26,765 | 1,088,519 | 1,450,613 |
| Interdistrict sources | 1,399,804 | - | - | 1,399,804 |
| Intermediate sources | 241,127 | - | - | 241,127 |
| State sources | 24,048,146 | - | 35,033 | 24,083,179 |
| Federal sources | 3,715,350 | - | 1,058,019 | 4,773,369 |
| Other sources | 101,721 | - | 416 | 102,137 |
| TOTAL REVENUES | 39,260,924 | 4,991,180 | 2,431,987 | 46,684,091 |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | | | | |
| Regular instruction | 12,888,065 | - | - | 12,888,065 |
| Vocational instruction | 1,090,116 | - | - | 1,090,116 |
| Special instruction | 5,465,251 | - | - | 5,465,251 |
| Other instruction | 2,374,212 | - | 654,763 | 3,028,975 |
| Total instruction | 21,817,644 | - | 654,763 | 22,472,407 |
| Support services | | | | |
| Pupil services | 2,081,873 | - | - | 2,081,873 |
| Instructional staff services | 2,866,676 | - | - | 2,866,676 |
| General administration services | 797,709 | - | - | 797,709 |
| Building administration services | 1,816,693 | - | - | 1,816,693 |
| Business services | 4,840,475 | - | 1,305,565 | 6,146,040 |
| Central services | 249,254 | - | 645 | 249,899 |
| Insurance | 340,739 | - | - | 340,739 |
| Other support services | 248,073 | - | - | 248,073 |
| Community services | - | - | 224,132 | 224,132 |
| Total support services | 13,241,492 | - | 1,530,342 | 14,771,834 |
| Non-program transactions | 2,964,324 | - | - | 2,964,324 |
| Debt service | | | | |
| Principal | - | 1,200,000 | - | 1,200,000 |
| Interest | - | 860,418 | - | 860,418 |
| Other | - | 26,851 | - | 26,851 |
| Total debt service | - | 2,087,269 | - | 2,087,269 |
| Capital outlay | 446,595 | - | 26,276 | 472,871 |
| TOTAL EXPENDITURES | 38,470,055 | 2,087,269 | 2,211,381 | 42,768,705 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 790,869 | 2,903,911 | 220,606 | 3,915,386 |
| OTHER FINANCING (USES) SOURCES | | | | |
| Net transfer (to) from other funds | (100,000) | - | 100,000 | - |
| Sale of capital assets | 370,789 | - | - | 370,789 |
| Payment to debt escrow agent | - | (4,780,912) | - | (4,780,912) |
| TOTAL OTHER FINANCING (USES) SOURCES | 270,789 | (4,780,912) | 100,000 | (4,410,123) |
| NET CHANGE IN FUND BALANCE | 1,061,658 | (1,877,001) | 320,606 | (494,737) |
| FUND BALANCE - BEGINNING OF YEAR | 9,173,593 | 2,245,893 | 1,248,065 | 12,667,551 |
| FUND BALANCE - END OF YEAR | \$10,235,251 | \$ 368,892 | \$ 1,568,671 | \$ 12,172,814 |

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, 2023

Net change in fund balances - total governmental funds \$ (494,737)

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 | \$ | 472,871 | |
| Less noncapitalized outlay | | (47,301) | |
| Depreciation expense reported in the statement of activities | | <u>(1,659,117)</u> | |
| Amount by which capital outlays are less than depreciation in the current period: | | | (1,233,547) |

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: | | | (10,893) |
|---|--|--|----------|

Wisconsin Retirement System pension asset, deferred outflows of resources, liability, and deferred inflows of resources changes:

(1,761,909)

Wisconsin Retirement System LRLIF deferred outflows of resources, liability, and deferred inflows of resources changes:

(105,105)

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

36,226

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

25,084

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: | | | 5,880,000 |
|---|--|--|-----------|

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 | \$ | 988,181 | |
| Amount of interest and other debt costs accrued during the current period is | | <u>(879,956)</u> | |
| Interest paid is greater than interest accrued by: | | | <u>108,225</u> |

| | | | |
|---|--|--|----------------------------|
| Change in net position - governmental activities | | | <u>\$ 2,443,344</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, 2023

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, 2023

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 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, 2023

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 2022 tax levy is used to finance operations of the District's fiscal year ended June 30, 2023. 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, 2023

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 - The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net pension liability (assets), deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense (revenue). Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

contractually required to be maintained intact, 2) restricted fund balance consists of equity 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.

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, 2023

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, 2023, \$5,785,412 of the District's bank balance of \$11,817,877 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. \$5,365,843 was uninsured and uncollateralized.

NOTE 3 - Capital Assets

Capital asset balances and activity for the year ended June 30, 2023 are as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|------------------|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,754,957 | \$ - | \$ - | \$ 1,754,957 |
| Capital assets being depreciated: | | | | |
| Land improvements | 201,015 | | - | 201,015 |
| Buildings and improvements | 62,495,778 | 325,347 | (417,300) | 62,403,825 |
| Equipment | <u>11,193,127</u> | <u>100,223</u> | <u>(160,441)</u> | <u>11,132,909</u> |
| Total capital assets being depreciated | <u>73,889,920</u> | <u>425,570</u> | <u>(577,741)</u> | <u>73,737,749</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (6,271) | (9,059) | - | (15,330) |
| Buildings and improvements | (22,168,695) | (1,321,258) | 417,300 | (23,072,653) |
| Equipment | <u>(7,441,807)</u> | <u>(328,800)</u> | <u>160,441</u> | <u>(7,610,166)</u> |
| Total accumulated depreciation | <u>(29,616,773)</u> | <u>(1,659,117)</u> | <u>577,741</u> | <u>(30,698,149)</u> |
| Total capital assets being depreciated, net of accumulated depreciation | <u>44,273,147</u> | <u>(1,233,547)</u> | <u>-</u> | <u>43,039,600</u> |
| Capital assets, net of accumulated depreciation | <u>\$ 46,028,104</u> | <u>\$ (1,233,547)</u> | <u>\$ -</u> | <u>\$ 44,794,557</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|---------------------------------|---------------------|
| Regular instruction | \$ 2,600 |
| Vocational instruction | 2,600 |
| Other instruction | 52,166 |
| General administration services | 4,098 |
| Business services | 1,578,241 |
| Central services | 7,998 |
| Community services | <u>11,414</u> |
| Total | <u>\$ 1,659,117</u> |

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 4 - Long-Term Obligations

Long-term obligations are as follows:

| | | | | Amounts | |
|-----------------------------|----------------------|---------------------|-----------------------|----------------------|------------------------|
| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
| Bonds payable | \$ 25,430,000 | \$ - | \$ (5,880,000) | \$ 19,550,000 | \$ 1,240,000 |
| Premium | 884,775 | - | (56,163) | 828,612 | 56,163 |
| Vested vacation pay | 72,044 | 82,937 | (72,044) | 82,937 | 82,937 |
| Wisconsin Retirement System | | | | | |
| Net pension liability | - | 6,131,890 | - | 6,131,890 | - |
| LRLIF | 1,668,769 | - | (602,242) | 1,066,527 | - |
| OPEB supplemental pension | 49,009 | 8,599 | (44,825) | 12,783 | 12,783 |
| OPEB healthcare | <u>155,310</u> | <u>14,144</u> | <u>(34,523)</u> | <u>134,931</u> | <u>22,167</u> |
| Total | <u>\$ 28,259,907</u> | <u>\$ 6,237,570</u> | <u>\$ (6,689,797)</u> | <u>\$ 27,807,680</u> | <u>\$ 1,414,050</u> |

In prior years, the general and food service funds liquidated vested employee benefits. Interest cost incurred during the year totaled \$853,105 and total paid during the year aggregated \$961,330.

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, 2023 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 | \$ 6,090,000 |
| Bonds | 5/30/18 | 3-5% | 4/1/38 | <u>13,460,000</u> |
| Total | | | | <u>\$ 19,550,000</u> |

General Obligation Debt Limit Calculation - The 2022 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,911,565,291. The legal debt limit and margin of indebtedness as of June 30, 2023, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

| | |
|--|-----------------------|
| Debt limit (10 percent of \$1,911,565,291) | \$ 191,156,529 |
| Applicable long-term debt | (19,550,000) |
| Amount available in debt service fund | <u>368,892</u> |
| Margin of indebtedness | <u>\$ 171,975,421</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, 2023

NOTE 4 - Long-term Obligations - Continued

| Year Ending June 30 | Bonds | | Total |
|------------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | |
| 2024 | \$ 1,240,000 | \$ 679,019 | \$ 1,919,019 |
| 2025 | 1,280,000 | 641,819 | 1,921,819 |
| 2026 | 1,330,000 | 603,419 | 1,933,419 |
| 2027 | 1,395,000 | 544,619 | 1,939,619 |
| 2028 | 1,445,000 | 482,769 | 1,927,769 |
| 2029-2033 | 8,050,000 | 1,580,945 | 9,630,945 |
| 2034-2037 | 4,810,000 | 303,213 | 5,113,213 |
| | <u>\$ 19,550,000</u> | <u>\$ 4,835,803</u> | <u>\$ 24,385,803</u> |

Cash Defeasance - The District defeased \$4,680,000 of outstanding 2018 refunding bonds by depositing \$4,687,324 with an escrow agent to reduce future debt service payments. The transaction resulted in an economic gain of \$2,314,751 and a reduction of \$7,002,075 in future debt service payments.

Defeased Debt - The District defeased general obligation debt by depositing money in an irrevocable trust account for future debt service payments of the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the District's financial statements. At June 30, 2023, \$4,680,000 of defeased debt remains outstanding.

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.

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 5 - Wisconsin Retirement System Pension - Continued

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 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 (%) |
|------|--------------------------|------------------------------|
| 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 |
| 2022 | 7.4 | 15 |

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

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 5 - Wisconsin Retirement System Pension - Continued

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 \$1,361,735 in contributions from the employer.

Contribution rates as of June 30, 2023 are:

| Employee Category | Employee | Employer |
|---|----------|----------|
| General (including teachers, executives, and elected officials) | 6.5% | 6.5% |
| Protective with Social Security | 6.5% | 12% |
| Protective without Social Security | 6.5% | 16.4% |

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

At June 30, 2023, the District reported a liability (asset) of \$6,131,890 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (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, 2022, the District's proportion was 0.11574619%, which was a decrease of 0.00136139% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense (revenue) of \$3,125,053.

At June 30, 2023, 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 | \$ 9,766,203 | \$ 12,830,596 |
| Net differences between projected and actual earnings on pension plan investments | 10,416,665 | - |
| Changes in assumptions | 1,205,783 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 31,733 | 7,266 |
| Employer contributions subsequent to the measurement date | 719,965 | - |
| Total | \$ 22,140,349 | \$ 12,837,862 |

\$719,965 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, 2024. Other amounts reported as

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 5 - Wisconsin Retirement System Pension - Continued

deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

| Year Ending June 30 | Deferred Outflows and (Inflows) of Resources |
|------------------------|--|
| 2024 | \$ 360,524 |
| 2025 | 1,777,767 |
| 2026 | 1,825,704 |
| 2027 | 4,618,527 |
| Thereafter | - |

Actuarial Assumptions - The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--|
| Actuarial Valuation Date: | December 31, 2021 |
| Measurement Date of Net Pension Liability (Asset): | December 31, 2022 |
| Experience Study: | January 1, 2018 - December 31, 2020. Published November 19, 2021 |
| Actuarial Cost Method: | Entry Age Normal |
| Asset Valuation Method: | Fair 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. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of 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, 2023

NOTE 5 - Wisconsin Retirement System Pension - Continued

Asset Allocation Targets and Expected Returns
As of December 31, 2022

| Core Fund Asset Class | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|----------------------------|--------------------|---|--|
| Public Equity | 48 | 7.6 | 5 |
| Public Fixed Income | 25 | 5.3 | 2.7 |
| Inflation Sensitive Assets | 19 | 3.6 | 1.1 |
| Real Estate | 8 | 5.2 | 2.6 |
| Private Equity/Debt | 15 | 9.6 | 6.9 |
| Total Core Fund | 115 | 7.4 | 4.8 |
| Variable Fund Asset Class | | | |
| U.S. Equities | 70 | 7.2 | 4.6 |
| International Equities | 30 | 8.1 | 5.5 |
| Total Variable Fund | 100 | 7.7 | 5.1 |

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 liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% 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, 2023

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) | \$ 20,351,543 | \$ 6,131,890 | \$ (3,650,011) |

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 \$257,970 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

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, 2023 are:

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

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

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

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, 2022 are as listed below:

Life Insurance

Member Contribution Rates

For the year ended December 31, 2022

| 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 \$5,791 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, 2023, the District reported a liability (asset) of \$1,066,527 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net 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, 2022, the District's proportion was 0.279941%, which was a decrease of 0.002405% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$110,842.

At June 30, 2023, 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, 2023

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 | \$ - | \$ 104,376 |
| Net differences between projected and actual earnings on plan investments | 20,012 | - |
| Changes in assumptions | 383,180 | 629,544 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 24,205 | 22,540 |
| Employer contributions subsequent to the measurement date | 2,889 | - |
| Total | \$ 430,286 | \$ 756,460 |

\$2,889 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, 2024. 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 |
|------------------------|--|
| 2024 | \$ (17,633) |
| 2025 | (24,939) |
| 2026 | (13,282) |
| 2027 | (68,241) |
| Thereafter | (204,968) |

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

| | |
|---|--|
| Actuarial Valuation Date: | January 1, 2022 |
| Measurement Date of Net OPEB Liability (Asset): | December 31, 2022 |
| Experience Study: | January 1, 2018-December 31, 2020. Published November 19, 2021 |
| Actuarial Cost Method: | Entry Age Normal |
| 20 Year Tax Exempt Municipal Bond Yield: | 3.72% |
| Long-Term Expected Rate of Return: | 4.25% |
| Discount Rate: | 3.76% |
| Salary Increases: | |
| Wage Inflation | 3% |
| 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. The total OPEB liability for

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

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

December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 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, 2022

| Asset Class | Index | Target Allocation % | Long-Term Expected Geometric Real Rate of Return % |
|-----------------------------------|----------------------------|---------------------|--|
| US Intermediate Credit Bonds | Bloomberg US Intern Credit | 50 | 2.45 |
| US Mortgages | Barclays US MBS | 50 | 2.83 |
| 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 remained unchanged from the prior year at 2.3%.

Single Discount Rate - A single discount rate of 3.76% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive 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 projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

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

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 3.76 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 (2.76 percent) or 1-percentage-point higher (4.76 percent) than the current rate:

| | 1% Decrease to Discount Rate (2.76%) | Current Discount Rate (3.76%) | 1% Increase to Discount Rate (4.76%) |
|---|--|----------------------------------|--|
| District's proportionate share of the net OPEB liability (asset) | \$ 1,454,096 | \$ 1,066,527 | \$ 769,500 |

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, 2023.

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.

Employees Covered - As of the June 30, 2023 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 | 3 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active employees | <u>3</u> |
| Total | <u><u>6</u></u> |

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, 2023, contribution rates for plan members was \$0 per participant per year and \$13,500

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 7 - Supplemental Pension Defined Benefit Plan - Continued

from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$0 and the District contributed \$40,500 to the plan.

Actuarial Assumptions - The net supplemental pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--------------------------------|
| Actuarial Valuation Date: | June 30, 2022 |
| Measurement Date: | June 30, 2023 |
| Actuarial Cost Method: | Entry Age Normal - Level % |
| Discount Rate: | 4.25% |
| Salary Increases: | 3% |
| Mortality: | Wisconsin 2020 Mortality Table |

Actuarial assumptions are based upon an experience study conducted in 2021 using experience from 2018 - 2020. The net supplemental pension liability for June 30, 2023 is based upon an update of the liability calculated from the June 30, 2022 actuarial valuation.

Discount Rate - A discount rate of 4.25% 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 4.25%. 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 | \$ 49,009 |
| Changes for the year: | |
| Service cost | 7,462 |
| Interest | 1,137 |
| Differences between expected and actual experience | (4,100) |
| Changes of assumptions or other input | (225) |
| Benefit payments, including refunds of employee contributions | (40,500) |
| Net changes | (36,226) |
| Ending balance | <u>\$ 12,783</u> |

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 4.25 percent, as well as what the total supplemental pension liability would be if it were

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 7 - Supplemental Pension Defined Benefit Plan - Continued

calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

| | 1% Decrease to Discount Rate (3.25%) | Current Discount Rate (4.25%) | 1% Increase to Discount Rate (5.25%) |
|--------------------------------------|--|----------------------------------|--|
| Total supplemental pension liability | \$ 12,719 | \$ 12,783 | \$ 12,825 |

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

For the year ended June 30, 2023, the District recognized pension expense of \$4,274.

At June 30, 2023, 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, 2024. 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 |
|------------------------|--|
| 2024 | \$ - |
| 2025 | - |
| 2026 | - |
| 2027 | - |
| 2028 | - |
| 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, 2023.

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 8 - Interfund Balance and Activity

Interfund receivable and payable balances on June 30, 2023, are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-------------------------------------|---------------------|---------------|
| Long-term capital improvement trust | General | \$ 100,000 |

The above balance resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made. All amounts are due within one year. For the statement of net position, interfund balances which are owed within the governmental activities are netted and eliminated.

Interfund transfers at June 30, 2023 were as follows:

| <u>Transfer from</u> | <u>Transfer to</u> | <u>Amount</u> |
|----------------------|-------------------------------------|---------------|
| General | Long-term capital improvement trust | \$ 100,000 |

Generally, transfers are used to move revenue from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9 - 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 retiree receives District contributions towards medical premiums, annual HRA contributions for a period of 8 years or Medicare eligibility; whichever occurs first and unused sick leave converted/paid into a 403(b).

Employees Covered - As of the June 30, 2023 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 | 1 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active employees | <u>298</u> |
| Total | <u>299</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

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 9 - Post Employment Benefits Other Than Pensions - Continued

the year ended June 30, 2023, contribution rates for Plan members were \$0 - \$27 per participant per month and \$0 - \$1,472 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed zero and the District contributed \$17,993 to the plan.

Actuarial Assumptions - The total OPEB healthcare liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Actuarial Valuation Date: | June 30, 2022 |
| Measurement Date: | June 30, 2023 |
| Actuarial Cost Method: | Entry Age Normal - Level % |
| Discount Rate: | 4.25% |
| Salary Increases: | 3% |
| Mortality: | Wisconsin 2020 Mortality Table |
| Medical Care Cost Trend: | 7% decreasing to 6.5%, then decreasing by .1% per year to 4.5%, 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 on the data as of June 30, 2023. Actuarial assumptions are based upon an experience study conducted in 2021 using Wisconsin Retirement System experience from 2018 - 2020.

Discount Rate - A discount rate of 4.25% 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 | \$ 155,310 |
| Changes for the year: | |
| Service cost | 8,940 |
| Interest | 5,204 |
| Differences between expected and actual experience | (1,971) |
| Changes of assumptions or other input | (10,385) |
| Benefit payments | <u>(22,167)</u> |
| Net changes | <u>(20,379)</u> |
| Ending balance | <u>\$ 134,931</u> |

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 9 - Post Employment Benefits Other Than Pensions - Continued

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 7 percent in first year, decreasing to 4.5 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 (6 percent in first year, decreasing to 3.5 percent) or 1-percentage-point higher (8 percent in first year, decreasing to 5.5 percent) than the current rate:

| | 1% Decrease (6% decreasing to 3.5%) | Healthcare Cost Trend Rates (7% decreasing to 4.5%) | 1% Increase (8% decreasing to 5.5%) |
|---------------------------------|---|--|---|
| Total OPEB healthcare liability | \$ 124,525 | \$ 134,931 | \$ 146,938 |

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 4.25 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 (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

| | 1% Decrease to Discount Rate (3.25%) | Current Discount Rate (4.25%) | 1% Increase to Discount Rate (5.25%) |
|---------------------------------|--|----------------------------------|--|
| Total OPEB healthcare liability | \$ 141,222 | \$ 134,931 | \$ 128,831 |

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

For the year ended June 30, 2023, the District recognized OPEB healthcare expense (revenue) of (\$2,917).

At June 30, 2023, 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 | \$ - | \$ 121,538 |
| Net differences between projected and actual earnings on pension plan investments | - | - |
| Changes in assumptions | 43,615 | 16,165 |
| Employer contributions subsequent to the measurement date | - | - |
| Total | \$ 43,615 | \$ 137,703 |

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, 2024. 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:

SCHOOL DISTRICT OF REEDSBURG
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 9 - Post Employment Benefits Other Than Pensions - Continued

| Year ending June 30 | Deferred Outflows and (Inflows) of Resources |
|------------------------|--|
| 2024 | \$ (17,061) |
| 2025 | (17,061) |
| 2026 | (17,061) |
| 2027 | (17,061) |
| 2028 | (17,057) |
| Thereafter | (8,787) |

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, 2023.

NOTE 10 - Fund Balance and Net Position

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

| <u>Governmental Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|--|------------------------|---------------|
| <u>Nonspendable</u> | | |
| General | Inventory | \$ 71,195 |
| <u>Restricted</u> | | |
| General | Self-insurance | \$ 60,000 |
| Referendum debt service | Principal and interest | \$ 368,892 |
| Long-term capital improvement trust | Specific expenses | \$ 100,000 |
| Food service | DPI regulation | \$ 890,972 |
| <u>Committed</u> | | |
| General | Specific expenses | \$ 1,000,000 |
| <u>Assigned</u> | | |
| Special revenue trust | Specific expenses | \$ 435,067 |
| Community service | Specific expenses | \$ 142,632 |
| <u>Governmental Activities</u> | | |
| <u>Restricted</u> | | |
| Special revenue | DPI regulation | \$ 890,972 |
| Debt service | Principal and interest | \$ 368,892 |
| Capital projects | Specific expenses | \$ 100,000 |
| Other activities | Self-insurance | \$ 60,000 |

NOTE 11 - 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.

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 12 - Commitments and Contingencies

The District has a service agreement with Cooperative Education Service Agency #5 for services to be provided to the District in 2023-2024. Expected costs are \$686,712.

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.

NOTE 13 - 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 14 - 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, 2023.

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

The District has reported a liability of \$18,906, which represents reported and unreported claims which were incurred on or before June 30, 2023, but were not paid by the District as of that date. Changes in the claims liability for the year ended June 30, 2023 are as follows:

| | Year Ended <u>June 30, 2023</u> |
|---------------------------------|------------------------------------|
| Beginning liability balance | \$ 18,112 |
| Claims and changes in estimates | 297,501 |
| Claim payments | <u>(296,707)</u> |
| Ending liability balance | <u>\$ 18,906</u> |

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

SCHOOL DISTRICT OF REEDSBURG
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 14 - Self-Funded Insurance - Continued

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, 2023

| | ORIGINAL BUDGETED AMOUNTS | | | FINAL BUDGETED AMOUNTS | | | ACTUAL AMOUNTS | | | VARIANCE WITH |
|--|---------------------------|--------------------|---------------------|------------------------|--------------------|---------------------|----------------------|--------------------|----------------------|------------------------|
| | SPECIAL | | | SPECIAL | | | SPECIAL | | | FINAL BUDGET |
| | GENERAL | EDUCATION | TOTAL | GENERAL | EDUCATION | TOTAL | GENERAL | EDUCATION | TOTAL | POSITIVE (NEGATIVE) |
| REVENUES | | | | | | | | | | |
| Property taxes | \$ 9,062,380 | \$ - | \$ 9,062,380 | \$ 9,432,734 | \$ - | \$ 9,432,734 | \$ 9,419,447 | \$ - | \$ 9,419,447 | \$ (13,287) |
| Other local sources | 219,387 | - | 219,387 | 265,387 | - | 265,387 | 335,329 | - | 335,329 | 69,942 |
| Interdistrict sources | 1,370,517 | - | 1,370,517 | 1,402,804 | - | 1,402,804 | 1,399,804 | - | 1,399,804 | (3,000) |
| Intermediate sources | 25,220 | 145,161 | 170,381 | 75,640 | 145,161 | 220,801 | 75,639 | 165,488 | 241,127 | 20,326 |
| State sources | 22,227,837 | 1,748,313 | 23,976,150 | 22,055,225 | 1,940,205 | 23,995,430 | 22,075,543 | 1,972,603 | 24,048,146 | 52,716 |
| Federal sources | 2,996,778 | 912,223 | 3,909,001 | 3,251,597 | 1,082,177 | 4,333,774 | 2,905,842 | 809,508 | 3,715,350 | (618,424) |
| Other sources | 92,436 | - | 92,436 | 92,436 | - | 92,436 | 101,721 | - | 101,721 | 9,285 |
| TOTAL REVENUES | 35,994,555 | 2,805,697 | 38,800,252 | 36,575,823 | 3,167,543 | 39,743,366 | 36,313,325 | 2,947,599 | 39,260,924 | (482,442) |
| EXPENDITURES | | | | | | | | | | |
| Current | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 13,296,112 | - | 13,296,112 | 13,139,970 | - | 13,139,970 | 12,888,065 | - | 12,888,065 | 251,905 |
| Vocational instruction | 1,113,286 | - | 1,113,286 | 1,095,914 | - | 1,095,914 | 1,090,116 | - | 1,090,116 | 5,798 |
| Special instruction | - | 6,007,105 | 6,007,105 | - | 5,707,267 | 5,707,267 | - | 5,465,251 | 5,465,251 | 242,016 |
| Other instructor | 2,399,860 | - | 2,399,860 | 2,417,754 | - | 2,417,754 | 2,374,212 | - | 2,374,212 | 43,542 |
| Total instruction | 16,809,258 | 6,007,105 | 22,816,363 | 16,653,638 | 5,707,267 | 22,360,905 | 16,352,393 | 5,465,251 | 21,817,644 | 543,261 |
| Support services | | | | | | | | | | |
| Pupil services | 1,131,268 | 957,777 | 2,089,045 | 1,247,012 | 870,149 | 2,117,161 | 1,246,720 | 835,153 | 2,081,873 | 35,288 |
| Instructional staff services | 2,975,375 | 236,722 | 3,212,097 | 2,825,160 | 234,343 | 3,059,503 | 2,640,500 | 226,176 | 2,866,676 | 192,827 |
| General administration services | 794,402 | - | 794,402 | 810,159 | - | 810,159 | 797,709 | - | 797,709 | 12,450 |
| Building administration services | 1,866,805 | - | 1,866,805 | 1,818,967 | - | 1,818,967 | 1,816,693 | - | 1,816,693 | 2,274 |
| Business services | 4,563,820 | 107,920 | 4,671,740 | 4,841,478 | 144,830 | 4,986,308 | 4,687,690 | 152,785 | 4,840,475 | 145,833 |
| Central services | 291,748 | 9,600 | 301,348 | 253,286 | 12,965 | 266,251 | 236,944 | 12,310 | 249,254 | 16,997 |
| Insurance | 331,041 | - | 331,041 | 340,739 | - | 340,739 | 340,739 | - | 340,739 | - |
| Other support services | 228,898 | - | 228,898 | 286,902 | - | 286,902 | 248,073 | - | 248,073 | 38,829 |
| Total support services | 12,183,357 | 1,312,019 | 13,495,376 | 12,423,703 | 1,262,287 | 13,685,990 | 12,015,068 | 1,226,424 | 13,241,492 | 444,498 |
| Non-program transactions | 2,064,982 | 686,311 | 2,751,293 | 2,345,904 | 689,941 | 3,035,845 | 2,327,008 | 637,316 | 2,964,324 | 71,521 |
| Capital outlay | 499,546 | - | 499,546 | 401,072 | 46,773 | 447,845 | 399,970 | 46,625 | 446,595 | 1,250 |
| TOTAL EXPENDITURES | 31,557,143 | 8,005,435 | 39,562,578 | 31,824,317 | 7,706,268 | 39,530,585 | 31,094,439 | 7,375,616 | 38,470,055 | 1,060,530 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 4,437,412 | (5,199,738) | (762,326) | 4,751,506 | (4,538,725) | 212,781 | 5,218,886 | (4,428,017) | 790,869 | 578,088 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfer (to) / from other funds | (5,199,738) | 5,199,738 | - | (4,638,725) | 4,538,725 | (100,000) | (4,528,017) | 4,428,017 | (100,000) | - |
| Sale of capital assets | 3,000 | - | 3,000 | 370,713 | - | 370,713 | 370,789 | - | 370,789 | 76 |
| TOTAL OTHER FINANCING SOURCES (USES) | (5,196,738) | 5,199,738 | 3,000 | (4,268,012) | 4,538,725 | 270,713 | (4,157,228) | 4,428,017 | 270,789 | 76 |
| NET CHANGE IN FUND BALANCE | (759,326) | - | (759,326) | 483,494 | - | 483,494 | 1,061,658 | - | 1,061,658 | 578,164 |
| FUND BALANCE - BEGINNING OF YEAR | 9,173,593 | - | 9,173,593 | 9,173,593 | - | 9,173,593 | 9,173,593 | - | 9,173,593 | - |
| FUND BALANCE - END OF YEAR | \$ 8,414,267 | \$ - | \$ 8,414,267 | \$ 9,657,087 | \$ - | \$ 9,657,087 | \$ 10,235,251 | \$ - | \$ 10,235,251 | \$ 578,164 |

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, 2023

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 - There were no expenditure classifications in excess of \$1,000 over budget.

SCHOOL DISTRICT OF REEDSBURG
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2023

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) |
|--------------------------|---|--|-----------------|---|--|
| 2022 | 0.11574619% | \$ 6,131,890 | \$ 20,664,867 | 29.67% | 95.72% |
| 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 |
|--------------------------|--------------------------------------|---|----------------------------------|-----------------|--|
| 2023 | \$ 1,361,735 | \$ (1,361,735) | \$ - | \$ 20,461,101 | 6.66% |
| 2022 | 1,365,120 | (1,365,120) | - | 20,223,989 | 6.75% |
| 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 preceding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2023

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

Change 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.

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2018, including the following:

- * Lowering the long-term expected rate of return from 7.2% to 7%
- * Lowering the discount rate from 7.2% to 7%
- * Lowering the wage inflation rate from 3.2% to 3%
- * Lowering the price inflation rate from 2.7% to 2.5%
- * Lowering the post-retirement adjustments from 2.1% to 1.9%
- * Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

SCHOOL DISTRICT OF REEDSBURG
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES - Continued
YEAR ENDED JUNE 30, 2023

Notes to Required Supplementary Information for the Year Ended June 30, 2023 - Continued

SIGNIFICANT METHODS AND ASSUMPTIONS USED IN CALCULATING WISCONSIN RETIREMENT SYSTEM ACTUARIALLY DETERMINED CONTRIBUTIONS:

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|-------------------------------------|---|---|---|---|---|
| Valuation Date: | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 |
| Actuarial Cost Method: | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age |
| Amortization Method: | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period |
| Amortization Period: | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS |
| Asset Valuation Method: | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) |
| Actuarial Assumptions | | | | | |
| Net Investment Rate of Return: | 5.4% | 5.4% | 5.4% | 5.5% | 5.5% |
| Weighted based on assumed rate for: | | | | | |
| Pre-retirement: | 7.0% | 7.0% | 7.0% | 7.2% | 7.2% |
| Post-retirement: | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Salary Increases | | | | | |
| Wage Inflation: | 3.0% | 3.0% | 3.0% | 3.2% | 3.2% |
| Seniority/Merit: | 0.1% - 5.6% | 0.1% - 5.6% | 0.1% - 5.6% | 0.1% - 5.6% | 0.1% - 5.6% |
| Post Retirement Benefit Adjustments | 1.9% | 1.9% | 1.9% | 2.1% | 2.1% |
| Retirement Age: | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014. |
| Mortality: | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). |

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

SCHOOL DISTRICT OF REEDSBURG
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES - Continued
YEAR ENDED JUNE 30, 2023

Notes to Required Supplementary Information for the Year Ended June 30, 2023 - Continued

SIGNIFICANT METHODS AND ASSUMPTIONS USED IN CALCULATING WISCONSIN RETIREMENT SYSTEM ACTUARIALLY DETERMINED CONTRIBUTIONS:

| | 2017 | 2016 | 2015 | 2014 | 2013 |
|-------------------------------------|---|--|--|--|--|
| Valuation Date: | December 31, 2015 | December 31, 2014 | December 31, 2013 | December 31, 2012 | December 31, 2011 |
| Actuarial Cost Method: | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age |
| Amortization Method: | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period |
| Amortization Period: | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS |
| Asset Valuation Method: | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) |
| Actuarial Assumptions | | | | | |
| Net Investment Rate of Return: | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| Weighted based on assumed rate for: | | | | | |
| Pre-retirement: | 7.2% | 7.2% | 7.2% | 7.2% | 7.2% |
| Post-retirement: | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Salary Increases | | | | | |
| Wage Inflation: | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% |
| Seniority/Merit: | 0.1% - 5.6% | 0.1% - 5.6% | 0.1% - 5.6% | 0.1% - 5.6% | 0.1% - 5.6% |
| Post Retirement Benefit Adjustments | 2.1% | 2.1% | 2.1% | 2.1% | 2.1% |
| Retirement Age: | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011. | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006-2008. |
| Mortality: | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality. | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality. | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality. | Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men. |

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

SCHOOL DISTRICT OF REEDSBURG

WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED JUNE 30, 2023

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) |
|-----------------------|--|---|-----------------|--|---|
| 2022 | 0.27994100% | \$ 1,066,527 | \$ 13,553,000 | 7.87% | 38.81% |
| 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 |
|--------------------------|--------------------------------------|---|----------------------------------|-----------------|--|
| 2023 | \$ 5,791 | \$ (5,791) | \$ - | \$ 12,020,572 | 0.05% |
| 2022 | 5,778 | (5,778) | - | 13,595,000 | 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, 2023

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.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- * Lowering the long-term expected rate of return from 5% to 4.25%
- * Lowering the wage inflation rate from 3.2% to 3%
- * Lowering the price inflation rate from 2.7% to 2.5%
- * Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

SCHOOL DISTRICT OF REEDSBURG
SUPPLEMENTAL PENSION DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2023

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

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| Total Pension Liability | | | | | | | |
| Service cost | \$ 7,462 | \$ 8,154 | \$ 7,545 | \$ 6,332 | \$ 14,903 | \$ 15,371 | \$ 15,371 |
| Interest | 1,137 | 1,284 | 1,096 | 3,927 | 10,304 | 9,722 | 9,989 |
| Differences between expected and actual experience | (4,100) | - | 38,734 | - | (109,971) | - | - |
| Changes of assumptions or other input | (225) | 96 | (19,109) | (821) | (32) | (115) | - |
| Benefit payments | <u>(40,500)</u> | <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 | (36,226) | (17,466) | 14,766 | (124,062) | (98,296) | (17,022) | 1,360 |
| Total Pension Liability - Beginning | 49,009 | 66,475 | 51,709 | 175,771 | 274,067 | 291,089 | 289,729 |
| Total Pension Liability - Ending | <u>\$ 12,783</u> | <u>\$ 49,009</u> | <u>\$ 66,475</u> | <u>\$ 51,709</u> | <u>\$ 175,771</u> | <u>\$ 274,067</u> | <u>\$ 291,089</u> |
| Covered payroll | \$ 334,143 | \$ 698,700 | \$ 698,700 | \$ 668,840 | \$ 668,840 | \$ 1,287,051 | \$ 1,287,051 |
| Total pension liability as a percentage of covered payroll | 3.83% | 7.01% | 9.51% | 7.73% | 26.28% | 21.29% | 22.62% |

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

| | <u>2023</u> | <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>(40,500)</u> | <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>\$ (40,500)</u> | <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 | \$ 334,143 | \$ 698,700 | \$ 698,700 | \$ 668,840 | \$ 668,840 | \$ 1,287,051 | \$ 1,287,051 |
| Contributions as a percentage of covered payroll | 12.12% | 3.86% | 1.93% | 19.96% | 2.02% | 3.26% | 1.86% |
| Actuarial valuation date | 6/30/2022 | 6/30/2020 | 6/30/2020 | 6/30/2018 | 6/30/2018 | 6/30/2016 | 6/30/2016 |
| Measurement date | 6/30/2023 | 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, 2023

Methods and assumptions used to determine actuarial calculations - entry age normal, level %, 4.25% discount rate, 2.5% inflation, 3% salary increases, Wisconsin 2020 mortality table.

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

Changes of assumptions - the discount rate changed from 3.5% to 4.25%.

SCHOOL DISTRICT OF REEDSBURG
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2023

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

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| Total OPEB Healthcare Liability | | | | | | | |
| Service cost | \$ 8,940 | \$ 10,045 | \$ 10,082 | \$ 8,208 | \$ - | \$ - | \$ - |
| Interest | 5,204 | 4,174 | 5,790 | 13,313 | 31,486 | 45,103 | 62,442 |
| Changes of benefit terms | - | - | - | - | (5,888) | - | - |
| Differences between expected and actual experience | (1,971) | - | (9,558) | - | (226,117) | - | - |
| Changes of assumptions or other input | (10,385) | (8,406) | 1,187 | 10,250 | 73,271 | (2,245) | - |
| Benefit payments | (22,167) | (62,011) | (96,587) | (214,911) | (457,301) | (526,455) | (589,218) |
| Net Changes in Total OPEB Healthcare Liability | (20,379) | (56,198) | (89,086) | (183,140) | (584,549) | (483,597) | (526,776) |
| Total OPEB Healthcare Liability - Beginning | 155,310 | 211,508 | 300,594 | 483,734 | 1,068,283 | 1,551,880 | 2,078,656 |
| Total OPEB Healthcare Liability - Ending (a) | \$ 134,931 | \$ 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) | \$ 134,931 | \$ 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% | 0.00% | 1.26% |
| Covered payroll | \$ 19,300,714 | \$ 19,754,148 | \$ 19,754,148 | \$ 14,459,187 | \$ 14,459,187 | \$ - | \$ - |
| Total OPEB Healthcare liability as a percentage of covered payroll | 0.70% | 0.79% | 1.07% | 2.08% | 3.35% | N/A | N/A |

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

| | <u>2023</u> | <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 | \$ 19,300,714 | \$ 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% | 0.00% | N/A | N/A |
| Actuarial valuation date | 6/30/2022 | 6/30/2020 | 6/30/2020 | 6/30/2018 | 6/30/2018 | 6/30/2016 | 6/30/2016 |
| Measurement date | 6/30/2023 | 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, 2023

Methods and assumptions used to determine actuarial calculations - entry age normal cost, level %, fair market value asset valuation, 4.25% discount rate, 2.5% inflation rate, 3% salary increases, Wisconsin 2020 mortality table.

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

Changes of assumptions - the discount rate changed from 3.5% to 4.25% and the health care trend changed from 6.5% to 7% decreasing to 6.5%, then decreasing by .1% per year down to 4.5%, and level thereafter.

**SCHOOL DISTRICT OF REEDSBURG
REEDSBURG, WISCONSIN**

SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF REEDSBURG

COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

| | SPECIAL REVENUE FUNDS | | | CAPITAL PROJECT FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|--------------------------|--------------------------|--------------------------|---|--|
| | TRUST | FOOD SERVICE | COMMUNITY SERVICE | LONG-TERM CAPITAL IMPROVEMENT TRUST | |
| ASSETS | | | | | |
| Cash and investments | \$ 435,067 | \$ 992,708 | \$ 148,591 | \$ - | \$ 1,576,366 |
| Receivables | | | | | |
| Accounts | - | - | 1,525 | - | 1,525 |
| Due from other funds | - | - | - | 100,000 | 100,000 |
| Due from other governments | - | 3,728 | - | - | 3,728 |
| TOTAL ASSETS | <u>435,067</u> | <u>996,436</u> | <u>150,116</u> | <u>100,000</u> | <u>1,681,619</u> |
| LIABILITIES | | | | | |
| Accrued payroll liabilities | - | 27,547 | 7,484 | - | 35,031 |
| Unearned revenue | - | 77,917 | - | - | 77,917 |
| TOTAL LIABILITIES | <u>-</u> | <u>105,464</u> | <u>7,484</u> | <u>-</u> | <u>112,948</u> |
| FUND BALANCES | | | | | |
| Restricted | - | 890,972 | - | 100,000 | 990,972 |
| Assigned | 435,067 | - | 142,632 | - | 577,699 |
| TOTAL FUND BALANCES | <u>435,067</u> | <u>890,972</u> | <u>142,632</u> | <u>100,000</u> | <u>1,568,671</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 435,067</u> | <u>\$ 996,436</u> | <u>\$ 150,116</u> | <u>\$ 100,000</u> | <u>\$ 1,681,619</u> |

SCHOOL DISTRICT OF REEDSBURG

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

| | SPECIAL REVENUE FUNDS | | | CAPITAL PROJECT FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|-----------------------|-------------------|----------------------|---|--|
| | TRUST | FOOD SERVICE | COMMUNITY SERVICE | LONG-TERM CAPITAL IMPROVEMENT TRUST | |
| REVENUES | | | | | |
| Property taxes | \$ - | \$ - | \$ 250,000 | \$ - | \$ 250,000 |
| Other local sources | 728,183 | 343,830 | 16,506 | - | 1,088,519 |
| State sources | - | 35,033 | - | - | 35,033 |
| Federal sources | - | 1,058,019 | - | - | 1,058,019 |
| Other sources | 7 | 409 | - | - | 416 |
| TOTAL REVENUES | <u>728,190</u> | <u>1,437,291</u> | <u>266,506</u> | <u>-</u> | <u>2,431,987</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | | | | | |
| Other instructor | 654,763 | - | - | - | 654,763 |
| Total instructor | <u>654,763</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>654,763</u> |
| Support service | | | | | |
| Business services | - | 1,305,565 | - | - | 1,305,565 |
| Central services | - | 645 | - | - | 645 |
| Community services | - | - | 224,132 | - | 224,132 |
| Total support services | <u>-</u> | <u>1,306,210</u> | <u>224,132</u> | <u>-</u> | <u>1,530,342</u> |
| Capital outlay | 26,276 | - | - | - | 26,276 |
| TOTAL EXPENDITURES | <u>681,039</u> | <u>1,306,210</u> | <u>224,132</u> | <u>-</u> | <u>2,211,381</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>47,151</u> | <u>131,081</u> | <u>42,374</u> | <u>-</u> | <u>220,606</u> |
| OTHER FINANCING SOURCES | | | | | |
| Net transfer (to) from other funds | - | - | - | 100,000 | 100,000 |
| NET CHANGE IN FUND BALANCE | 47,151 | 131,081 | 42,374 | 100,000 | 320,606 |
| FUND BALANCES - BEGINNING OF YEAR | 387,916 | 759,891 | 100,258 | - | 1,248,065 |
| FUND BALANCES - END OF YEAR | <u>\$ 435,067</u> | <u>\$ 890,972</u> | <u>\$ 142,632</u> | <u>\$ 100,000</u> | <u>\$ 1,568,671</u> |

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

| AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION | PASS-THROUGH ENTITY IDENTIFYING NUMBER | ASSISTANCE LISTING NUMBER | PROGRAM OR AWARD AMOUNT | REVENUES | | RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2023 | SUBRECIPIENT PASS-THROUGH EXPENDITURES | | | |
|--|---|---------------------------------|-------------------------------|---------------------------------------|---|--|--|---------------------|---------------------|-------------|
| | | | | (UNEARNED REVENUE) JULY 1, 2022 | GRANTOR REIMBURSEMENTS EXPENDITURES | | | | | |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | | | | |
| Child Nutrition Cluster | | | | | | | | | | |
| School Breakfast Program | | | 10.553 | N/A | \$ - | \$ 271,224 | \$ 271,224 | \$ - | \$ - | |
| July 1, 2022 - June 30, 2023 | 2023-564753-DPI-SB-SEVERE-546 | | | | | | | | | |
| Food Distribution | None | | 10.555 | N/A | - | 119,553 | 119,553 | - | - | |
| July 1, 2022 - June 30, 2023 | | | | | | | | | | |
| National School Lunch Program | | | 10.555 | N/A | - | 644,581 | 644,581 | - | - | |
| July 1, 2022 - June 30, 2023 | 2023-564753-DPI-NSL-547 | | | | | | | | | |
| Nation School Lunch Area Eligible Snack Program | | | 10.555 | N/A | - | 12,660 | 12,660 | - | - | |
| July 1, 2022 - June 30, 2023 | 2023-564753-DPI-SK_NSLAE-566 | | | | | | | | | |
| Summer Food Service Program for Children | | | 10.559 | N/A | - | 6,273 | 10,001 | 3,728 | - | |
| July 1, 2022 - June 30, 2023 | 2022-564753-DPI-SFSP-586 | | | | | | | | | |
| COVID-19 - Summer Food Service Program for Children | | | 10.559 | N/A | 1,272 | 1,272 | - | - | - | |
| July 1, 2021 - June 30, 2022 | 2021-564753-DPI-SFSP-566 | | | | | | | | | |
| Total Child Nutrition Cluster | | | | | 1,272 | 1,055,563 | 1,058,019 | 3,728 | - | |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | | 1,272 | 1,055,563 | 1,058,019 | 3,728 | - | |
| FEDERAL COMMUNICATIONS COMMISSION | | | | | | | | | | |
| Universal Service Administrative Company | | | | | | | | | | |
| Emergency Connectivity Fund Program (ARPA) | None | | 32.009 | N/A | - | 224,425 | 224,425 | - | - | |
| July 1, 2022 - June 30, 2023 | | | | | | | | | | |
| TOTAL FEDERAL COMMUNICATIONS COMMISSION | | | | | - | 224,425 | 224,425 | - | - | |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | | | | |
| Title IA Cluster | | | | | | | | | | |
| Title IA - Grants to Local Educational Agencies | | | 84.010A | N/A | 115,244 | 115,244 | - | - | - | |
| July 1, 2021 - June 30, 2022 | 2022-564753-DPI-TIA-141 | | | | | | | | | |
| July 1, 2022 - June 30, 2023 | 2023-564753-DPI-TIA-141 | | \$ 582,889 | | - | 348,205 | 570,402 | 222,197 | - | |
| Total Title IA Cluster | | | | | 115,244 | 463,449 | 570,402 | 222,197 | - | |
| Special Education Cluster | | | | | | | | | | |
| Special Education - Grants to States (IDEA Part B) | | | 84.027A | N/A | 363,341 | 363,341 | - | - | - | |
| July 1, 2021 - June 30, 2022 | 2022-564753-DPI-FLOW-341 | | | | | | | | | |
| July 1, 2022 - June 30, 2023 | 2023-564753-DPI-FLOW-341 | | 647,506 | | - | 396,021 | 453,632 | 57,611 | - | |
| 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 | 183,993 | 183,993 | - | - | - | |
| July 1, 2021 - June 30, 2022 | 2022-564753-DPI-FLOW-341 | | | | | | | | | |
| July 1, 2022 - June 30, 2023 | 2023-564753-DPI-FLOW-341 | | 200,000 | | - | - | 192,888 | 192,888 | - | |
| Special Education - Preschool Grants (IDEA Preschool) | | | 84.173A | N/A | 12,823 | 12,823 | - | - | - | |
| July 1, 2021 - June 30, 2022 | 2022-564753-DPI-PRESCH-347 | | | | | | | | | |
| July 1, 2022 - June 30, 2023 | 2023-564753-DPI-PRESCH-347 | | | | | 3,038 | - | - | - | |
| Special Education - Preschool Grants (ARPA) (IDEA Preschool) | | | 84.173X | N/A | 3,360 | 3,360 | - | - | - | |
| July 1, 2021 - June 30, 2022 | 2022-564753-DPI-PRESCH-347 | | | | | | | | | |
| July 1, 2022 - June 30, 2023 | 2023-564753-DPI-PRESCH-347 | | 53,886 | | - | 7,884 | 23,170 | 15,286 | - | |
| Total Special Education Cluster | | | | | 703,404 | 1,110,347 | 672,728 | 265,785 | - | |
| Title IV - Twenty-First Century Community Learning Centers | | | | | | | | | | |
| July 1, 2021 - June 30, 2022 | 2022-564753-DPI-TIVB-367 | | | | | | | | | |
| July 1, 2022 - June 30, 2023 | 2023-564753-DPI-TIVB-367 | | 145,000 | | 10,321 | 10,321 | - | - | - | |
| Title III-A - English Language Acquisition Grants | | | 84.365A | N/A | 2,429 | 2,429 | - | - | - | |
| July 1, 2021 - June 30, 2022 | 2022-564753-DPI-TIIIA-391 | | | | | | | | | |
| July 1, 2022 - June 30, 2023 | 2023-564753-DPI-TIIIA-391 | | 36,120 | | - | 17,959 | 26,064 | 8,105 | - | |
| Title II-A - Supporting Effective Instruction State Grants | | | 84.367A | N/A | 70,312 | 70,312 | - | - | - | |
| July 1, 2021 - June 30, 2022 | 2022-564753-DPI-TIIA-365 | | | | | | | | | |
| July 1, 2022 - June 30, 2023 | 2023-564753-DPI-TIIA-365 | | 100,037 | | - | 60,788 | 94,719 | 33,931 | - | |
| Title IV-A - Student Support and Academic Enrichment | | | 84.424A | N/A | 3,347 | 3,347 | - | - | - | |
| July 1, 2021 - June 30, 2022 | 2022-564753-DPI-TIVA-381 | | | | | | | | | |
| July 1, 2022 - June 30, 2023 | 2023-564753-DPI-TIVA-381 | | 54,429 | | - | 31,684 | 52,837 | 21,153 | - | |
| Education Stabilization Fund | | | | | | | | | | |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund | | | 84.425D | N/A | - | 333 | 333 | - | - | |
| March 13, 2020 - September 30, 2022 | 2023-564753-DPI-ESSERF-160 | | | | | | | | | |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund | | | 84.425D | N/A | 433,231 | 433,231 | - | - | - | |
| March 13, 2020 - September 30, 2023 | 2022-564753-DPI-ESSERFII-163 | | | | | | | | | |
| March 13, 2020 - September 30, 2023 | 2023-564753-DPI-ESSERFII-163 | | 1,441,003 | | - | 187,281 | 304,263 | 116,982 | - | |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund | | | 84.425U | N/A | 175,097 | 175,097 | - | - | - | |
| March 13, 2020 - September 30, 2024 | 2022-564753-DPI-ESSERFIII-165 | | | | | | | | | |
| March 13, 2020 - September 30, 2024 | 2023-564753-DPI-ESSERFIII-165 | | 2,682,441 | | - | 597,492 | 1,001,435 | 403,943 | - | |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund | | | 84.425U | N/A | - | 4,000 | 4,000 | - | - | |
| March 13, 2020 - September 30, 2024 | 2023-564753-DPI-LETRS-165 | | | | | | | | | |
| COVID 19 - Elementary and Secondary School Emergency Relief - Homeless Children and Youth - Part 2 | | | 84.425W | | 15,802 | 5,456 | 8,467 | 3,011 | - | |
| April 23, 2021 - September 30, 2024 | 2023-564753-DPI-ARPHCYII-173 | | | | | | | | | |
| Total Education Stabilization Fund | | | | | 608,328 | 1,402,890 | 1,318,498 | 523,936 | - | |
| Cooperative Educational Service Agency #5 | | | | | | | | | | |
| Career and Technical Education - Basic Grants to States (Perkins IV) | None | | 84.048 | N/A | - | 23,681 | 23,681 | - | - | |
| July 1, 2022 - June 30, 2023 | | | | | | | | | | |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | | | 1,513,385 | 3,296,213 | 2,903,929 | 1,121,101 | - | |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | | | |
| Cooperative Educational Service Agency #5 | | | | | | | | | | |
| Public Health Emergency Response | None | | 93.354 | N/A | - | 19,573 | 19,573 | - | - | |
| July 1, 2022 - June 30, 2023 | | | | | | | | | | |
| Wisconsin Department of Health Services | | | | | | | | | | |
| Medicaid Cluster | | | | | | | | | | |
| Medical Assistance | None | | 93.778 | N/A | 70,054 | 70,054 | - | - | - | |
| July 1, 2021 - June 30, 2022 | | | | | | | | | | |
| July 1, 2022 - June 30, 2023 | None | | | | | | 316,294 | 19,753 | - | |
| Total Medicaid Cluster | | | | | 70,054 | 366,595 | 316,294 | 19,753 | - | |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | 70,054 | 386,168 | 335,867 | 19,753 | - | |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | | | | | | | | |
| Wisconsin Department of Administration | | | | | | | | | | |
| Disaster grants - Public Assistance | | | 97.036 | N/A | - | 4,051 | 4,051 | - | - | |
| July 1, 2022 - June 30, 2023 | PA-05-WI-4402-PW-00763 | | | | | | | | | |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | | | - | 4,051 | 4,051 | - | - | |
| TOTAL FEDERAL AWARDS | | | | | | \$ 1,584,711 | \$ 4,966,420 | \$ 4,526,291 | \$ 1,144,582 | \$ - |

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

| AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION | PASS-THROUGH | | RECEIVABLE | | | RECEIVABLE | |
|---|---------------------------------|-------------------------|---------------------------------------|--------------------------------------|----------------------|--|--|
| | ENTITY IDENTIFYING NUMBER | STATE I.D. NUMBER | (UNEARNED REVENUE) JULY 1, 2022 | REVENUE GRANTOR REIMBURSEMENTS | EXPENDITURES | (UNEARNED REVENUE) JUNE 30, 2023 | SUBRECIPIENT PASS-THROUGH EXPENDITURES |
| WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | |
| Special Education and School Age Parents | 564753-100 | 255.101 | \$ - | \$ 2,070,693 | \$ 2,070,693 | \$ - | \$ - |
| State School Lunch Aid | 564753-107 | 255.102 | - | 11,582 | 11,582 | - | - |
| Common School Fund Library Aid | 564753-104 | 255.103 | - | 163,215 | 163,215 | - | - |
| Bilingual/Bicultural Aid | 564753-111 | 255.106 | - | 11,898 | 11,898 | - | - |
| General Transportation Aid | 564753-102 | 255.107 | - | 135,418 | 135,418 | - | - |
| Wisconsin Morning Milk Program | 564753-109 | 255.115 | - | 13,757 | 13,757 | - | - |
| General Aids Cluster | | | | | | | |
| Equalization Aid | 564753-116 | 255.201 | - | 18,687,331 | 18,687,331 | - | - |
| High Cost Special Education Aid | 564753-119 | 255.210 | - | 67,398 | 67,398 | - | - |
| Aid for School Mental Health Programs | 564753-176 | 255.227 | 12,960 | 92,999 | 80,039 | - | - |
| Peer Review and Mentoring | 564753-141 | 255.301 | 23,818 | 23,818 | 25,000 | 25,000 | 12,500 |
| School Breakfast Program | 564753-108 | 255.344 | - | 9,694 | 9,694 | - | - |
| Student Achievement Guarantee in Education | 564753-160 | 255.504 | - | 847,546 | 847,546 | - | - |
| Educator Effectiveness Evaluation System | 564753-154 | 255.940 | - | 18,080 | 18,080 | - | - |
| Per Pupil Aid | 564753-113 | 255.945 | - | 1,946,266 | 1,946,266 | - | - |
| Career and Technical Education Incentive | 564753-152 | 255.950 | - | 9,876 | 9,876 | - | - |
| Assessment of Reading Readiness | 564753-166 | 255.956 | - | 4,344 | 4,344 | - | - |
| TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | | | <u>36,778</u> | <u>24,113,915</u> | <u>24,102,137</u> | <u>25,000</u> | <u>12,500</u> |
| WISCONSIN DEPARTMENT OF MILITARY AFFAIRS | | | | | | | |
| State Match - Federal Disaster Assistance | None | 465.305 | - | 1,300 | 1,300 | - | - |
| WISCONSIN DEPARTMENT OF NATURAL RESOURCES | | | | | | | |
| Payment in Lieu of Taxes | None | None | - | 36,767 | 36,767 | - | - |
| WISCONSIN DEPARTMENT OF REVENUE | | | | | | | |
| Exempt Computer Aid | None | None | 17,554 | 17,554 | 17,554 | 17,554 | - |
| Exempt Personal Property Aid | None | None | - | 90,909 | 90,909 | - | - |
| TOTAL WISCONSIN DEPARTMENT OF REVENUE | | | <u>17,554</u> | <u>108,463</u> | <u>108,463</u> | <u>17,554</u> | <u>-</u> |
| TOTAL STATE FINANCIAL ASSISTANCE | | | \$ 54,332 | \$ 24,260,445 | \$ 24,248,667 | \$ 42,554 | \$ 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, 2023

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

2022-2023 eligible costs under the State Special Education Program are \$6,011,246.

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, 2023, 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 November 16, 2023.

Report on 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 2023-001, 2023-002, and 2023-003 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the School District of Reedsburg's responses to the findings identified in our audit and 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 the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District of Reedsburg's internal control and compliance. Accordingly, this communication 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
November 16, 2023



**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* and *State Single Audit Guidelines* 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, 2023. 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, 2023.

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

Manitowoc, Wisconsin
November 16, 2023

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2023

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:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
|----------------------------------|---|
| 10.553/10.555/10.559 | Child Nutrition Cluster |
| 84.425D/84.425U/84.425W | Education Stabilization Fund |

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, 2023

Identification of major state programs:

| <u>State ID Number</u> | <u>Name of State Program or Cluster</u> |
|------------------------|---|
| 255.201 | Equalization Aid |
| 255.504 | Achievement Gap Reducation |

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

2023-001 - 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 2022-001.

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.

2023-002 - Segregation of Duties

Program: District-Wide

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

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.

SCHOOL DISTRICT OF REEDSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2023

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 2022-002.

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.

2023-003 - Significant Audit Adjustments

Program: District-Wide

Criteria: Generally accepted accounting principles.

Condition: Significant audit adjustments were required to prevent the District's financial statements from being misstated.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that an adjustment should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Isolated instance.

Prior Year Finding: This was not a prior year finding.

Recommendation: Improve the District's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect significant adjustments.

Management's Response: The District will incorporate financial reporting internal controls to detect significant adjustments, prevent misstated financial statements and increase the accuracy of the interim financial reports used by management.

Section III - Federal and State Award Findings and Questioned Costs

None



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
JUNE 30, 2023

Summary Schedule of Prior Audit Findings

2022-001 - Preparation of Financial Statements - Repeat. Initially occurred 6/30/20.

2022-002 - Segregation of Duties - Repeat. Initially occurred 6/30/20.

Corrective Action Plan

2023-001 - 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.

2023-002 - 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.

2023-003 - Significant Audit Adjustments - Contact: Debra Michel, Director of Business Services.. Completion date: June 30, 2024. The District will improve its financial reporting internal controls by reconciling accounts on a recurring basis to prevent significant audit adjustments. District management will review and approve the audit adjustments.