

**WISCONSIN RAPIDS PUBLIC SCHOOLS
WISCONSIN RAPIDS, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Wisconsin Rapids Public Schools
Wisconsin Rapids, 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 Wisconsin Rapids Public Schools, Wisconsin, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Wisconsin Rapids Public Schools'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 Wisconsin Rapids Public Schools, 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*, 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 Wisconsin Rapids Public Schools 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 Wisconsin Rapids Public Schools' 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 Wisconsin Rapids Public Schools' 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 Wisconsin Rapids Public Schools' 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, 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 Wisconsin Rapids Public Schools' basic financial statements. The combining and individual nonmajor fund financial statements, schedule of charter school authorizer operating costs, 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 charter school authorizer operating costs, 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 21, 2023 on our consideration of the Wisconsin Rapids Public Schools' 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 Wisconsin Rapids Public Schools' internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
November 21, 2023

**WISCONSIN RAPIDS PUBLIC SCHOOLS
WISCONSIN RAPIDS, WISCONSIN
MANAGEMENT'S DISCUSSION AND ANALYSIS**



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Wisconsin Rapids Public Schools ("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 \$94,052,677; including \$24,136,165 of property taxes and \$52,120,281 of general state and federal aid. Total governmental activities expenditures were \$88,042,110; including \$41,846,017 for direct instruction.

The District's financial status, as reflected in total net position, increased by \$6,010,567.

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 | Fund Financial Statements | |
|--|---|---|---|
| | | Governmental | Fiduciary |
| 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. | Assets held by the District on behalf of someone else. |
| Required financial statements | Statement of net position. Statement of activities. | Balance Sheet. Statement of revenues, expenditures and changes in fund balance. | Statement of net position. Statement of changes in net position. |
| Basis of accounting and measurement focus | Accrual accounting and economic resources focus. | Modified accrual accounting and current financial resources focus. | Accrual accounting and economic 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. | All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can. |
| Type of inflow and 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. | All additions or deductions during the year, regardless of when cash is received or paid. |

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, is 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 two kinds of funds:

- *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.
- *Fiduciary fund* - The District serves as a trustee, or fiduciary, for retired employees. The District is responsible for ensuring that the assets reported in this fund is used only for the intended purposes and only by those to whom the assets belong. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

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 \$6,010,567. 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 | \$ 35,400 | \$ 78,470 | -54.89% |
| Capital assets | <u>120,673</u> | <u>95,760</u> | 26.02% |
| Total assets | <u><u>156,073</u></u> | <u><u>174,230</u></u> | -10.42% |
| Deferred outflows of resources | <u>45,960</u> | <u>38,004</u> | 20.93% |
| Long-term liabilities | | | |
| outstanding | 71,678 | 72,100 | -0.59% |
| Other liabilities | <u>4,237</u> | <u>5,271</u> | -19.63% |
| Total liabilities | <u><u>75,916</u></u> | <u><u>77,371</u></u> | -1.88% |
| Deferred inflows of resources | <u>32,264</u> | <u>47,022</u> | -31.39% |
| Net position: | | | |
| Net investment in capital assets | 81,850 | 75,672 | 8.16% |
| Restricted | 10,923 | 54,958 | -80.12% |
| Unrestricted | <u>1,079</u> | <u>(42,788)</u> | 102.52% |
| Total net position | <u><u>\$ 93,853</u></u> | <u><u>\$ 87,841</u></u> | 6.84% |

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 | \$ 979 | \$ 353 | 177.34% |
| Operating grants and contributions | 8,667 | 13,083 | -33.75% |
| General revenues | | | |
| Property taxes | 24,136 | 24,138 | -0.01% |
| State and federal aid | 52,120 | 46,309 | 12.55% |
| Other | 8,150 | 8,320 | -2.04% |
| Total revenues | <u>94,053</u> | <u>92,203</u> | 2.01% |
| Expenses | | | |
| Instruction | 41,846 | 38,182 | 9.60% |
| Pupil and instructional services | 10,338 | 8,117 | 27.36% |
| Administration and business | 23,936 | 21,383 | 11.94% |
| Interest on debt | 1,003 | 1,864 | -46.19% |
| Other | 10,918 | 8,450 | 29.21% |
| Total expenses | <u>88,042</u> | <u>77,997</u> | 12.88% |
| Increase in net position | <u>\$ 6,011</u> | <u>\$ 14,206</u> | -57.69% |

Note: Totals may not add due to rounding.

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

The District relies primarily on state and federal aids (55%) and property taxes (26%) to fund governmental activities. These two funding sources make up 81% 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)

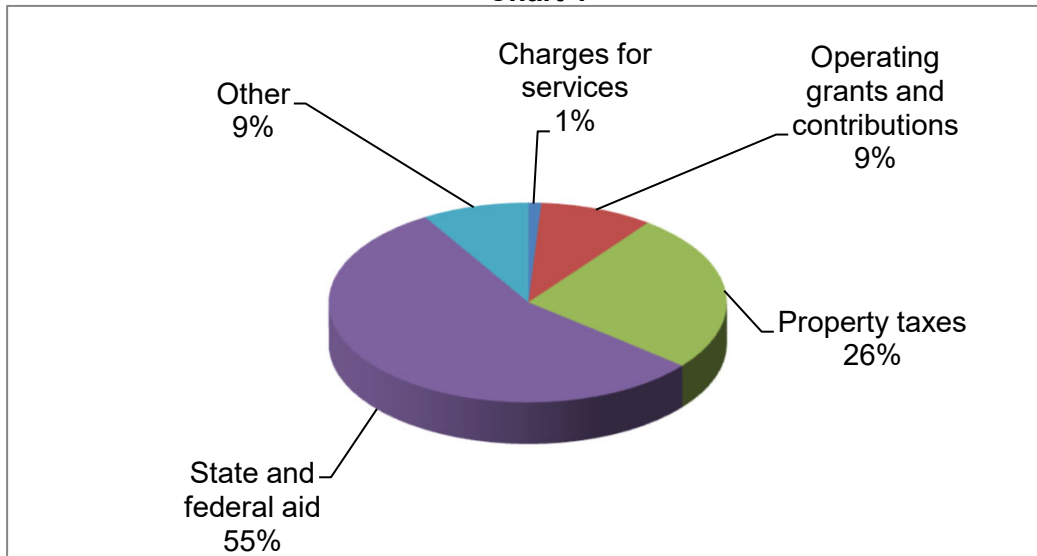
| | Net Cost of Services | | Total % change |
|----------------------------------|----------------------|------------------|----------------|
| | 2023 | 2022 | 2022 - 2023 |
| Instruction | \$ 36,199 | \$ 31,129 | 16.29% |
| Pupil and instructional services | 10,020 | 6,610 | 51.59% |
| Administration and business | 20,255 | 16,545 | 22.42% |
| Interest on debt | 1,003 | 1,864 | -46.19% |
| Other | 10,918 | 8,412 | 29.79% |
| Total | \$ 78,396 | \$ 64,561 | 21.43% |

Note: Totals may not add due to rounding.

The cost of all governmental activities this year was \$88,042,110. Individuals who directly participated or benefited from a program offering paid for \$978,817 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$8,667,227. The net cost of governmental activities, \$78,396,066, was financed by general revenues of the District.

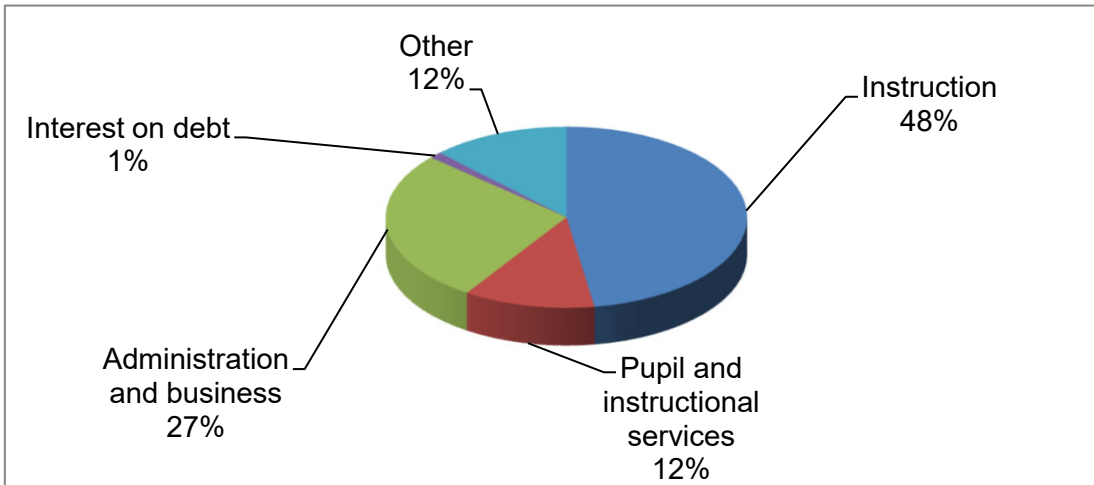
The composition of governmental revenues by source and expenditures by type are illustrated below.

Governmental Activities Revenue by Type
Chart 1



Note: Totals may not add due to rounding.

Governmental Activities Expenditure by Type
Chart 2



Note: Totals may not add due to rounding.

The District completed the year with a total governmental fund balance of \$31,460,759, a decrease from last year's ending fund balance of \$56,955,010.

The general fund had an increase in fund balance of \$2,445,561.

The non-referendum approved debt service fund had a decrease in fund balance of \$44,250.

The referendum approved debt service fund had a decrease of \$2,792,709. The fund balance of the debt service fund will fluctuate each year.

The long term capital improvement fund had an increase in fund balance of \$841,083.

The capital projects fund had a decrease in fund balance of \$24,912,440.

The other governmental funds had a fund balance decrease of \$1,031,496.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District reviews an interim budget in May for the subsequent year (beginning July 1st). 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 expenditures would match revenues, the actual results for the year showed revenues exceeded expenditures by \$2,445,561.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023, the District had invested \$199,242,476 in capital assets, including land, land improvements, buildings, equipment, SBITA, and construction in progress (See Table 4). Total accumulated depreciation/amortization on these assets is \$78,569,901. Asset acquisitions for governmental activities totaled \$30,224,007. The District recognized depreciation/amortization expense of \$4,841,380 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 | \$ 283 | \$ 283 | 0.00% |
| Land improvements | 2,855 | 3,030 | -5.78% |
| Buildings | 142,039 | 142,934 | -0.63% |
| Equipment | 18,732 | 21,606 | -13.30% |
| SBITA | 617 | - | N/A |
| Construction in progress | 34,717 | 6,110 | 468.20% |
| Less: accumulated depreciation/amortization | <u>(78,570)</u> | <u>(78,203)</u> | 0.47% |
| Total | <u>\$ 120,673</u> | <u>\$ 95,760</u> | 26.02% |

Note: Totals may not add due to rounding.

Long-Term Debt

At year-end, the District had \$71,678,182 in notes payable and other long-term debt outstanding - an decrease of 0.6% from last year (see Table 5). Detailed information about the District's long-term liabilities is presented 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> |
| General obligation debt | \$ 35,280 | \$ 44,345 | -20.44% |
| Other | 36,398 | 27,755 | 31.14% |
| Total | <u>\$ 71,678</u> | <u>\$ 72,100</u> | -0.59% |

Note: Totals may not add due to rounding.

The District added \$0 of bonds and notes payable and retired \$9,065,000 of bonds and notes payable during the year, increased the OPEB healthcare liability by \$577,175, and decreased the Wisconsin Retirement System LRLIF liability by \$2,630,418, which played a role in the total decreased debt amount of \$421,887.

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:

Residents authorized a \$34,000,000 bond paying for the cost of secure entrances at all schools, renovations to science classrooms, addition for a new library/student resource center and main office at Lincoln High School, construction of a new gymnasium at Rudolph Elementary School along with other construction related items. The project was finalized in October 2023.

Residents authorized the district to exceed the revenue limit by \$2,000,000 per year for five years ending in the 2025-26 school year, for non-recurring purposes consisting of technology and curriculum updates.

The District has been systematically growing its general fund balance with the long-term goal of increasing its financial stability and discontinuing the use of short-term borrowing for cash flow needs. The District was able to discontinue the use of short-term borrowing beginning with the 2019-20 school year.

The State of Wisconsin has increased the per pupil revenue limit authority by \$325 for the 2023-24 school year and an additional \$325 for the 2024-25 school year. Per pupil categorical aid has been frozen since the 2019-20 school year. The revenue limit increases will not fully offset inflationary pressures, however will help in building next school years' budget.

ESSER funds will be fully exhausted at the end of the 2023-24 school year. Employees paid for with these funds will need to be transitioned to other districts non-grant funds. This will create budgetary constraints for next school year.

Since the 2019-20 school year, total revenue limit student FTE has decreased by 258. Some of this decline is anticipated to be a direct impact of COVID and the Stora-Enso mill closure.

As of the most recent third Friday head count, the district had 195 student Open Enrollment (OE) in vs 414 OE out for a net loss of 219 students. It is important for the District to maintain the quality of instruction and physical property to remain competitive

The district does not anticipate any significant labor negotiation issues, however is concerned with the tight labor pool and increased wage pressures. It will be challenging to offer a CPI increase with the state freeze in per pupil funding.

Key Benefits Concepts, LLC., completed an actuarial study of our postretirement benefits and determined the post-retirement benefit liability as of 6/30/21 was \$19,606,013. At that time the trust held \$2,852,754 of assets with a funding ration of 14.6%. Another report will be completed in the 2023-24 school year.

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, Mr. Aaron Nelson, Director of Business Services, 510 Peach Street, Wisconsin Rapids, WI 54494.

**WISCONSIN RAPIDS PUBLIC SCHOOLS
WISCONSIN RAPIDS, WISCONSIN**

**BASIC
FINANCIAL STATEMENTS**

**WISCONSIN RAPIDS PUBLIC SCHOOLS
WISCONSIN RAPIDS, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

WISCONSIN RAPIDS PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2023

| | GOVERNMENTAL ACTIVITIES |
|--|------------------------------------|
| ASSETS | |
| Cash and investments | \$ 27,092,673 |
| Receivables | |
| Accounts | 67,916 |
| Taxes | 5,419,611 |
| Due from other governments | 2,819,906 |
| Capital assets (net of accumulated depreciation/amortization) | |
| Capital assets not being depreciated | 35,000,059 |
| Capital assets being depreciated | 85,221,792 |
| SBITA assets being amortized | 450,724 |
| TOTAL ASSETS | 156,072,681 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Wisconsin Retirement System pension | 39,152,242 |
| Wisconsin Retirement System LRLIF | 1,913,057 |
| OPEB healthcare | 4,894,385 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | 45,959,684 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | |
| | 202,032,365 |
| LIABILITIES | |
| Accounts payable | 728,892 |
| Accrued liabilities | |
| Payroll, payroll taxes, insurance | 3,150,238 |
| Interest | 298,064 |
| Unearned revenue | 60,217 |
| Current portion of long-term obligations | 6,528,056 |
| Noncurrent portion of long-term obligations | 65,150,126 |
| TOTAL LIABILITIES | 75,915,593 |
| DEFERRED INFLOWS OF RESOURCES | |
| Wisconsin Retirement System pension | 22,567,993 |
| Wisconsin Retirement System LRLIF | 3,295,632 |
| OPEB healthcare | 6,400,546 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 32,264,171 |
| NET POSITION | |
| Net investment in capital assets | 81,850,447 |
| Restricted for | |
| Special revenue | 1,517,745 |
| Debt service | 964,540 |
| Capital projects | 8,441,087 |
| Unrestricted | 1,078,782 |
| TOTAL NET POSITION | 93,852,601 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | |
| | \$ 202,032,365 |

The accompanying notes are an integral part of these statements.

WISCONSIN RAPIDS PUBLIC SCHOOLS

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 | \$ 26,215,405 | \$ - | \$ - | \$ (26,215,405) |
| Vocational instruction | 1,813,942 | - | 77,395 | (1,736,547) |
| Special instruction | 10,076,148 | 97,140 | 5,472,304 | (4,506,704) |
| Other instruction | 3,740,522 | - | - | (3,740,522) |
| Total instruction | <u>41,846,017</u> | <u>97,140</u> | <u>5,549,699</u> | <u>(36,199,178)</u> |
| Support services | | | | |
| Pupil services | 5,631,077 | - | - | (5,631,077) |
| Instructional staff services | 4,707,237 | 179 | 317,855 | (4,389,203) |
| General administration services | 983,711 | - | - | (983,711) |
| Building administration services | 3,343,463 | - | - | (3,343,463) |
| Business services | 19,609,297 | 881,498 | 2,799,673 | (15,928,126) |
| Central services | 983,051 | - | - | (983,051) |
| Insurance | 390,161 | - | - | (390,161) |
| Interest and other | 1,003,229 | - | - | (1,003,229) |
| Other support services | 2,240,628 | - | - | (2,240,628) |
| Community services | 291,090 | - | - | (291,090) |
| Total support services | <u>39,182,944</u> | <u>881,677</u> | <u>3,117,528</u> | <u>(35,183,739)</u> |
| Non-program transactions | 7,013,149 | - | - | (7,013,149) |
| TOTAL GOVERNMENTAL ACTIVITIES | <u>\$ 88,042,110</u> | <u>\$ 978,817</u> | <u>\$ 8,667,227</u> | <u>(78,396,066)</u> |

General revenues

| | |
|---|-------------------|
| Taxes | |
| Property taxes | 24,136,165 |
| State and federal aids not restricted to specific functions | 52,120,281 |
| Interest and investment earnings | 789,450 |
| Miscellaneous | 7,360,737 |
| Total general revenues | <u>84,406,633</u> |

| | |
|-----------------------------------|-----------------------------|
| CHANGE IN NET POSITION | 6,010,567 |
| NET POSITION - BEGINNING OF YEAR | <u>87,842,034</u> |
| NET POSITION - END OF YEAR | <u>\$ 93,852,601</u> |

The accompanying notes are an integral part of these statements.

**WISCONSIN RAPIDS PUBLIC SCHOOLS
WISCONSIN RAPIDS, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

WISCONSIN RAPIDS PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

| | GENERAL FUND | NON-REFERENDUM DEBT SERVICE FUND | REFERENDUM APPROVED DEBT SERVICE FUND | LONG TERM CAPITAL IMPROVEMENT TRUST | OTHER CAPITAL PROJECTS FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|----------------------|----------------------------------|---------------------------------------|-------------------------------------|-----------------------------|-----------------------------------|--------------------------|
| ASSETS | | | | | | | |
| Cash and investments | \$ 12,673,415 | \$ 235,875 | \$ 728,665 | \$ 5,418,164 | \$ 3,032,872 | \$ 5,003,682 | \$ 27,092,673 |
| Receivables | | | | | | | |
| Accounts | 58,993 | - | - | - | - | 8,923 | 67,916 |
| Taxes | 5,419,611 | - | - | - | - | - | 5,419,611 |
| Due from other funds | 23,918 | - | - | - | - | - | 23,918 |
| Due from other governments | 2,779,062 | - | - | - | - | 40,844 | 2,819,906 |
| TOTAL ASSETS | 20,954,999 | 235,875 | 728,665 | 5,418,164 | 3,032,872 | 5,053,449 | 35,424,024 |
| LIABILITIES | | | | | | | |
| Accounts payable | 691,393 | - | - | - | 9,949 | 27,550 | 728,892 |
| Accrued payroll liabilities | 3,138,242 | - | - | - | - | 11,996 | 3,150,238 |
| Due to other funds | - | - | - | - | - | 23,918 | 23,918 |
| Unearned revenue | - | - | - | - | - | 60,217 | 60,217 |
| TOTAL LIABILITIES | 3,829,635 | - | - | - | 9,949 | 123,681 | 3,963,265 |
| FUND BALANCES | | | | | | | |
| Restricted | - | 235,875 | 728,665 | 5,418,164 | 3,022,923 | 1,517,745 | 10,923,372 |
| Committed | 17,125,364 | - | - | - | - | 909,588 | 18,034,952 |
| Assigned | - | - | - | - | - | 2,502,435 | 2,502,435 |
| TOTAL FUND BALANCES | 17,125,364 | 235,875 | 728,665 | 5,418,164 | 3,022,923 | 4,929,768 | 31,460,759 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 20,954,999 | \$ 235,875 | \$ 728,665 | \$ 5,418,164 | \$ 3,032,872 | \$ 5,053,449 | |

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 | \$ 198,625,720 | |
| Governmental accumulated depreciation | (78,403,869) | 120,221,851 |
| Governmental SBITA assets | \$ 616,756 | |
| Governmental accumulated amortization | (166,032) | 450,724 |
| Wisconsin Retirement System liability, deferred inflows of resources, and deferred outflows of resources are not current financial resources and are not reported in fund statements: | | 15,201,674 |
| Other post employment benefits deferred inflows of resources and deferred outflows of resources are not current financial resources and are not reported in fund statements: | | (1,506,161) |
| 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 | \$ (35,280,000) | |
| Premium | (3,053,384) | |
| Capital leases | (138,250) | |
| SBITA payable | (350,494) | |
| Accrued interest | (298,064) | |
| Vested employee benefits | (132,906) | |
| WRS liability | (15,392,714) | |
| Net OPEB obligation | (17,330,434) | (71,976,246) |
| Total net position - governmental activities | | \$ 93,852,601 |

WISCONSIN RAPIDS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

| | GENERAL FUND | NON-REFERENDUM DEBT SERVICE FUND | REFERENDUM APPROVED DEBT SERVICE FUND | LONG TERM CAPITAL IMPROVEMENT TRUST | OTHER CAPITAL PROJECTS FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|----------------------|----------------------------------|---------------------------------------|-------------------------------------|-----------------------------|-----------------------------------|--------------------------|
| REVENUES | | | | | | | |
| Property taxes | \$ 16,515,045 | \$ 2,276,000 | \$ 5,345,120 | \$ - | \$ - | \$ - | \$ 24,136,165 |
| Other local sources | 1,009,443 | - | 28,801 | 71,603 | 3,565,425 | 2,296,807 | 6,972,079 |
| Interdistrict sources | 1,840,548 | - | - | - | - | - | 1,840,548 |
| Intermediate sources | 367,413 | - | - | - | - | - | 367,413 |
| State sources | 51,273,634 | - | - | - | - | 44,000 | 51,317,634 |
| Federal sources | 6,477,065 | - | - | - | - | 2,603,034 | 9,080,099 |
| Other sources | 214,690 | - | - | - | - | 14,786 | 229,476 |
| TOTAL REVENUES | 77,697,838 | 2,276,000 | 5,373,921 | 71,603 | 3,565,425 | 4,958,627 | 93,943,414 |
| EXPENDITURES | | | | | | | |
| Current | | | | | | | |
| Instruction | | | | | | | |
| Regular instruction | 24,215,505 | - | - | - | - | 1,232,066 | 25,447,571 |
| Vocational instruction | 1,701,929 | - | - | - | - | 24,153 | 1,726,082 |
| Special instruction | 9,671,528 | - | - | - | - | - | 9,671,528 |
| Other instruction | 3,589,610 | - | - | - | - | 1,605 | 3,591,215 |
| Total instruction | 39,178,572 | - | - | - | - | 1,257,824 | 40,436,396 |
| Support services | | | | | | | |
| Pupil services | 5,427,494 | - | - | - | - | 49,770 | 5,477,264 |
| Instructional staff services | 4,209,563 | - | - | - | - | - | 4,209,563 |
| General administration services | 904,406 | - | - | - | - | - | 904,406 |
| Building administration services | 3,131,385 | - | - | - | - | - | 3,131,385 |
| Business services | 10,942,907 | - | - | - | 1,527,091 | 4,184,666 | 16,654,664 |
| Central services | 1,001,204 | - | - | - | - | 19,652 | 1,020,856 |
| Insurance | 390,161 | - | - | - | - | - | 390,161 |
| Other support services | 2,020,065 | - | - | - | - | - | 2,020,065 |
| Community services | - | - | - | - | - | 273,408 | 273,408 |
| Total support services | 28,027,185 | - | - | - | 1,527,091 | 4,527,496 | 34,081,772 |
| Non-program transactions | 7,012,958 | - | - | - | - | 200 | 7,013,158 |
| Debt service | | | | | | | |
| Principal | 318,710 | 1,770,000 | 3,320,000 | - | - | - | 5,408,710 |
| Interest | 20,610 | 550,250 | 810,070 | - | - | - | 1,380,930 |
| Other | - | - | 15,130 | - | - | - | 15,130 |
| Total debt service | 339,320 | 2,320,250 | 4,145,200 | - | - | - | 6,804,770 |
| Capital outlay | 514,833 | - | - | 135,957 | 26,950,774 | 204,603 | 27,806,167 |
| TOTAL EXPENDITURES | 75,072,868 | 2,320,250 | 4,145,200 | 135,957 | 28,477,865 | 5,990,123 | 116,142,263 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 2,624,970 | (44,250) | 1,228,721 | (64,354) | (24,912,440) | (1,031,496) | (22,198,849) |
| OTHER FINANCING (USES) SOURCES | | | | | | | |
| Net transfer (to) from other funds | (905,437) | - | - | 905,437 | - | - | - |
| SBITA proceeds | 616,756 | - | - | - | - | - | 616,756 |
| Insurance proceeds and sale of capital assets | 109,272 | - | - | - | - | - | 109,272 |
| Payment to refunded bond escrow agent | - | - | (4,021,430) | - | - | - | (4,021,430) |
| TOTAL OTHER FINANCING (USES) SOURCES | (179,409) | - | (4,021,430) | 905,437 | - | - | (3,295,402) |
| NET CHANGE IN FUND BALANCE | 2,445,561 | (44,250) | (2,792,709) | 841,083 | (24,912,440) | (1,031,496) | (25,494,251) |
| FUND BALANCE - BEGINNING OF YEAR | 14,679,803 | 280,125 | 3,521,374 | 4,577,081 | 27,935,363 | 5,961,264 | 56,955,010 |
| FUND BALANCE - END OF YEAR | \$ 17,125,364 | \$ 235,875 | \$ 728,665 | \$ 5,418,164 | \$ 3,022,923 | \$ 4,929,768 | \$ 31,460,759 |

The accompanying notes are an integral part of these statements.

WISCONSIN RAPIDS PUBLIC SCHOOLS

**RECONCILIATION OF 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 \$ (25,494,251)

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 | \$ 27,806,167 | |
| Capital outlay reported as other expenses in fund statements | 860,034 | |
| Depreciation expense reported in the statement of activities | (4,675,348) | |
| Amoritzation expense of SBITA assets in the statement of activities | (166,032) | |
| Net book value of capital assets disposed | <u>470,525</u> | |
| Amount by which capital outlays are greater than depreciation in the current period: | | 24,295,346 |

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: (23,313)

Wisconsin Retirement System pension asset, deferred outflows of resources, liability, and deferred inflows of resources changes: (3,005,617)

Wisconsin Retirement System LRLIF, deferred outflows of resources, liability, and deferred inflows of resources changes: (429,767)

OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources changes: 845,198

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: 9,383,710

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

| | | |
|--|--------------------|----------------|
| Amount of interest and other debt costs paid during the current period is | \$ 1,442,490 | |
| Amount of interest and other debt costs accrued during the current period is | <u>(1,003,229)</u> | |
| Interest paid is greater than interest accrued by: | | <u>439,261</u> |

Change in net position - governmental activities **\$ 6,010,567**

WISCONSIN RAPIDS PUBLIC SCHOOLS

STATEMENT OF NET POSITION

FIDUCIARY FUND

JUNE 30, 2023

| | PENSION (OTHER EMPLOYEE BENEFIT) TRUST FUND |
|---|---|
| | <u>EMPLOYEE BENEFIT</u> |
| ASSETS | |
| Cash and investments | \$ 4,498,305 |
| TOTAL ASSETS | <u>4,498,305</u> |
| LIABILITIES | |
| Due to other funds | - |
| TOTAL LIABILITIES | <u>-</u> |
| NET POSITION | |
| Restricted for | |
| Postemployment benefits other than pensions | 4,498,305 |
| TOTAL NET POSITION | <u>4,498,305</u> |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 4,498,305</u> |

The accompanying notes are an integral part of these statements.

WISCONSIN RAPIDS PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2023

| | <u>PENSION (OTHER EMPLOYEE BENEFIT) TRUST FUND</u> |
|---|--|
| | <u>EMPLOYEE BENEFIT</u> |
| ADDITIONS | |
| Investment income | \$ 67,392 |
| Contributions | <u>2,743,398</u> |
| TOTAL ADDITIONS | <u>2,810,790</u> |
| DEDUCTIONS | |
| Disbursements | <u>1,363,568</u> |
| TOTAL DEDUCTIONS | <u>1,363,568</u> |
| CHANGE IN NET POSITION | 1,447,222 |
| NET POSITION - BEGINNING OF THE YEAR | <u>3,051,083</u> |
| NET POSITION - END OF THE YEAR | <u>\$ 4,498,305</u> |

The accompanying notes are an integral part of these statements.

**WISCONSIN RAPIDS PUBLIC SCHOOLS
WISCONSIN RAPIDS, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

WISCONSIN RAPIDS PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - Summary of Significant Accounting Policies

The financial statements of Wisconsin Rapids Public Schools (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 Wisconsin Rapids Public Schools is organized as a unified school district. The District, governed by a seven member elected school board, operates grades 4K through 12 and is comprised of all or parts of fifteen taxing districts.

The District's basic financial statements do not include any component 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.

WISCONSIN RAPIDS PUBLIC SCHOOLS
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 other 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.

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

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

Long-term Capital Improvement Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Capital Project Fund - is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District has one fiduciary fund which accounts for an employee benefit trust.

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.

WISCONSIN RAPIDS PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

The fiduciary fund(s) are reported using the economic resources measurement focus and the accrual basis of accounting.

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 installments of 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 Districts 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 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 is 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.

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

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.

Capital Assets - Capital assets are reported at actual cost or estimated historical costs, based on appraisals conducted by an independent third-party professional appraisal firm. 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> |
|-------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Land improvements | \$ 5,000 | Straight-line | 10-15 years |
| Buildings | \$ 5,000 | Straight-line | 45 years |
| Building improvements | \$ 5,000 | Straight-line | 15-20 years |
| Machinery and equipment | \$ 5,000 | Straight-line | 5-15 years |

Subscription-Based Information Technology Arrangements (SBITA) - The SBITA liability is measured using the present value of payments to be made during the subscription term. The corresponding intangible right-to-use capital asset is amortized over the shorter of the term or the useful life.

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 reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the

WISCONSIN RAPIDS PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the unpaid compensated absences are not expected to be paid using expendable available resources and, therefore, the liability is not reported.

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 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 (asset), 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 financial 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 the 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 financial 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.

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 1 - Summary of Significant Accounting Policies - Continued

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities. 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 not in a spendable form or is legally or 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 Director of Business Services to assign fund balances through its financial management 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 unassigned fund balance, then assigned fund balance, then committed fund balance and lastly to restricted fund balance. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Change in Accounting Principle - The District has implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), in 2023. The change resulted in no adjustments to net position or fund balances.

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.

As of June 30, 2023, the District had the following investments:

| <u>Investment</u> | <u>Weighted Average Maturities</u> | <u>Fair Value</u> |
|---|--|-----------------------|
| State of Wisconsin Investment Pool | Less than one year | \$16,076,913 |
| Wisconsin Investment Series Cooperative | Less than one year | 8,186,978 |
| First Bank | Less than one year | 4,077,413 |
| | | <u>\$28,341,304</u> |

WISCONSIN RAPIDS PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 2 - Cash and Investments - Continued

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the District's position in the Pool is the same as the value of the Pool shares. At June 30, 2023, the Pool's fair value was 100 percent of book value.

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 has the following recurring fair value measurement:

- 1) State of Wisconsin Local Government Investment Pool fair value is determined monthly by the Pool's investment board based on published market quotations (level 2 inputs).
- 2) Wisconsin Investment Series Cooperative and First Bank are based on published market quotations (level 1 inputs).

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 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 has a formal investment policy that further limits 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 has an investment policy that further limits its investment choices. The State of Wisconsin Local Government Investment Pool and Wisconsin Investment Series Cooperative are not rated.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under 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, \$2,033,142 of the District's bank balance of \$12,580,396 was exposed to custodial credit risk as uninsured collateral pledged by the bank in the District's name. \$8,731,578 was uninsured and uncollateralized.

WISCONSIN RAPIDS PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

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 | \$ 282,908 | \$ - | \$ - | \$ 282,908 |
| Construction in progress | 6,110,314 | 28,606,837 | - | 34,717,151 |
| Total capital assets not being depreciated | <u>6,393,222</u> | <u>28,606,837</u> | <u>-</u> | <u>35,000,059</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 3,030,299 | - | (175,671) | 2,854,628 |
| Buildings and improvements | 142,934,108 | 550,000 | (1,445,448) | 142,038,660 |
| Equipment | 21,605,680 | 450,414 | (3,323,721) | 18,732,373 |
| Total capital assets being depreciated | <u>167,570,087</u> | <u>1,000,414</u> | <u>(4,944,840)</u> | <u>163,625,661</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (2,858,543) | (19,417) | 175,671 | (2,702,289) |
| Buildings and improvements | (67,524,247) | (3,184,380) | 1,030,745 | (69,677,882) |
| Equipment | (7,820,046) | (1,471,551) | 3,267,899 | (6,023,698) |
| Total accumulated depreciation | <u>(78,202,836)</u> | <u>(4,675,348)</u> | <u>4,474,315</u> | <u>(78,403,869)</u> |
| Total capital assets being depreciated, net of accumulated depreciation | <u>89,367,251</u> | <u>(3,674,934)</u> | <u>(470,525)</u> | <u>85,221,792</u> |
| Capital assets, net of accumulated depreciation | <u>\$ 95,760,473</u> | <u>\$ 24,931,903</u> | <u>\$ (470,525)</u> | <u>\$ 120,221,851</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------------|---------------------|
| Regular instruction | \$ 417,803 |
| Vocational instruction | 20,311 |
| Special education instruction | 3,621 |
| Instructional staff services | 67,829 |
| General administration services | 22,650 |
| Building administration services | 544 |
| Business services | 4,117,567 |
| Central services | 15,462 |
| Community services | 9,561 |
| | <u>\$ 4,675,348</u> |

WISCONSIN RAPIDS PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 3 - Capital Assets - Continued

| | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|-------------------|-------------|-------------------|
| Capital assets being amortized: | | | | |
| SBITA asset | \$ - | \$ 616,756 | \$ - | \$ 616,756 |
| Total capital assets being amortized | <u>-</u> | <u>616,756</u> | <u>-</u> | <u>616,756</u> |
| Less accumulated amortization for: | | | | |
| SBITA asset | - | (166,032) | - | (166,032) |
| Total accumulated amortization | <u>-</u> | <u>(166,032)</u> | <u>-</u> | <u>(166,032)</u> |
| Total capital assets being amortized, net of accumulated amortization | <u>-</u> | <u>450,724</u> | <u>-</u> | <u>450,724</u> |
| Capital assets, net of accumulated amortization | <u>\$ -</u> | <u>\$ 450,724</u> | <u>\$ -</u> | <u>\$ 450,724</u> |

The District leases copiers, computers, and contracts with various vendors for the right to use their software. Amortization expense was charged to the following:

| | |
|---------------------|------------|
| Regular instruction | \$ 166,032 |
|---------------------|------------|

NOTE 4 - Long-Term Liabilities

Long-term obligations are as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|-----------------------------|----------------------|----------------------|------------------------|----------------------|-----------------------------------|
| Bonds payable | \$ 44,345,000 | \$ - | \$ (9,065,000) | \$ 35,280,000 | \$ 3,415,000 |
| Leases - direct placement | 190,698 | - | (52,448) | 138,250 | 58,096 |
| SBITAs | - | 616,756 | (266,262) | 350,494 | 175,784 |
| Premium | 3,453,580 | - | (400,196) | 3,053,384 | 400,196 |
| Vested vacation pay | 109,593 | 132,906 | (109,593) | 132,906 | 132,906 |
| Wisconsin Retirement System | | | | | |
| Net pension liability | - | 10,775,193 | - | 10,775,193 | - |
| LRLIF | 7,247,939 | - | (2,630,418) | 4,617,521 | - |
| OPEB healthcare | <u>16,753,259</u> | <u>2,349,911</u> | <u>(1,772,736)</u> | <u>17,330,434</u> | <u>2,346,074</u> |
| Total | <u>\$ 72,100,069</u> | <u>\$ 13,874,766</u> | <u>\$ (14,296,653)</u> | <u>\$ 71,678,182</u> | <u>\$ 6,528,056</u> |

In prior years, the general and food service funds liquidated vested employee benefits. Interest cost incurred during the year totaled \$988,099 and total interest paid during the year aggregated \$1,427,360 including \$20,610 for capital leases.

WISCONSIN RAPIDS PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 4 - Long-Term Liabilities - Continued

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 | 11/18/20 | 3-5% | 4/1/27 | \$ 9,235,000 |
| Bonds | 8/2/21 | 1.6-5% | 4/1/41 | 26,045,000 |
| Total | | | | <u>\$ 35,280,000</u> |

General Obligation Debt Limit Calculation - The 2023 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,996,044,204. 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 \$2,996,044,204) | \$ 299,604,420 |
| Amount available in debt service fund | 964,540 |
| Deduct long-term debt applicable to debt margin | <u>(35,280,000)</u> |
| Margin of indebtedness | <u>\$ 265,288,960</u> |

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

| Year Ending | Bonds | | Leases - Direct Placement | | Total |
|-------------|----------------------|---------------------|------------------------------|------------------|----------------------|
| | Principal | Interest | Principal | Interest | |
| June 30 | | | | | |
| 2024 | \$ 3,415,000 | \$ 1,167,320 | \$ 58,095 | \$ 14,962 | \$ 4,655,377 |
| 2025 | 3,100,000 | 996,570 | 64,360 | 8,698 | 4,169,628 |
| 2026 | 3,110,000 | 841,570 | 15,795 | 1,750 | 3,969,115 |
| 2027 | 3,235,000 | 686,070 | - | - | 3,921,070 |
| 2028 | 1,750,000 | 524,320 | - | - | 2,274,320 |
| 2029-2033 | 9,555,000 | 1,702,360 | - | - | 11,257,360 |
| 2034-2038 | 10,565,000 | 697,400 | - | - | 11,262,400 |
| 2039-2040 | 550,000 | 11,000 | - | - | 561,000 |
| | <u>\$ 35,280,000</u> | <u>\$ 6,626,610</u> | <u>\$ 138,250</u> | <u>\$ 25,410</u> | <u>\$ 42,070,270</u> |

Cash Defeasance - The District defeased \$3,975,000 of outstanding 2022 refunding bonds by depositing \$4,021,430 with an escrow agent to reduce future debt service payments. The transaction resulted in an economic gain of \$1,256,410 and a reduction of \$5,252,950 in future debt service payments.

Defeased Debt - In the prior years, the District defeased general obligation debt by placing funds in an irrevocable trust account for all 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. In the current year, the District defeased general obligation debt of \$3,975,000. At June 30, 2023, \$6,310,000 of defeased debt remains outstanding.

WISCONSIN RAPIDS PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 5 - Wisconsin Retirement System

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, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

Vesting - For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

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

Final average earnings is the average of the participant's three highest annual earnings periods. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarial-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:

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 5 - Wisconsin Retirement System - Continued

| 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 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 \$2,488,847 in contributions from the employer.

Contribution rates as of June 30, 2023 are:

| Employee Category | Employee | Employer |
|---|----------|----------|
| General (including teachers, executives, and elected officials) | 6.50% | 6.50% |
| Protective with Social Security | 6.50% | 12.00% |
| Protective without Social Security | 6.50% | 16.40% |

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 \$10,775,193 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 .20339366%, which was a decrease of .00246682% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense (revenue) of \$5,496,392.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WISCONSIN RAPIDS PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 5 - Wisconsin Retirement System - Continued

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 17,161,546 | \$ 22,546,416 |
| Net differences between projected and actual earnings on pension plan investments | 18,304,565 | - |
| Changes in assumptions | 2,118,849 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 65,440 | 21,577 |
| Employer contributions subsequent to the measurement date | 1,501,842 | - |
| Total | \$ 39,152,242 | \$ 22,567,993 |

\$1,501,842 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 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 | \$ 628,857 |
| 2025 | 3,126,186 |
| 2026 | 3,211,219 |
| 2027 | 8,116,145 |
| 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 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% |

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 5 - Wisconsin Retirement System - Continued

** 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 geometric real rates of return for each major asset class are summarized in the following table:

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. This single discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 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

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 5 - Wisconsin Retirement System - Continued

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:

| | 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) | \$ 35,762,516 | \$ 10,775,193 | \$ (6,413,941) |

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 \$975,789 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.

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

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

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:

| 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:

| 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 \$24,102 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 \$4,617,521 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 1.212003%, which was a decrease of .014306% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense (revenue) of \$453,811.

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

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

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEBs from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------|-------------------------------|
| Differences between expected and actual experience | \$ - | \$ 451,901 |
| Net differences between projected and actual earnings on plan investments | 86,644 | - |
| Changes in assumptions | 1,658,975 | 2,725,603 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 155,352 | 118,128 |
| Employer contributions subsequent to the measurement date | 12,086 | - |
| Total | \$ 1,913,057 | \$ 3,295,632 |

\$12,086 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 | \$ (102,421) |
| 2025 | (131,759) |
| 2026 | (43,316) |
| 2027 | (255,608) |
| Thereafter | (861,557) |

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 |

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

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

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 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 2.30%.

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.

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.

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

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

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) | \$ 6,295,502 | \$ 4,617,521 | \$ 3,331,545 |

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 - 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> |
|------------------------|---------------------|---------------|
| General | Indian education | \$ 23,918 |

The above balances 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 | \$ 905,437 |

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 8 - Post Employment Benefits Other Than Pensions

General Information about the Post Employment Benefits Other Than Pensions

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

Benefits Provided - Administrators at least age 57 with 15 years of service in the District will receive contributions towards their medical premiums until Medicare eligibility. Contributions will be equal to 90% of the premiums until the age of 60. After age 60, contributions will be equal to 100% of the

WISCONSIN RAPIDS PUBLIC SCHOOLS
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2023

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

premiums. Retirees will receive contributions towards their life insurance premiums until Medicare eligibility. Contributions will be equal to 100% of the premiums.

Non-union clerical and nurses at least age 57 with 15 years of service will receive contributions towards their medical premiums until Medicare eligibility. Contributions will be equal to 85% for single or 70% for family premiums until the age of 60. After age 60, contributions will be equal to 85% of single or family premiums.

Psychologists at least age 57 with 15 years of service and age 52 as of 7/1/07 will receive contributions towards their medical premiums until Medicare eligibility. Contributions will be equal to 85% for single or 70% for family premiums until the age of 60. After age 60, contributions will be equal to 85% of single or family premiums.

Teachers retired prior to the 2012-2013 school year at least age 57 with 15 years of service will receive contributions towards their medical premiums until Medicare eligibility. Contributions will be equal to 85% for single or 70% for family premiums until the age of 60. After age 60, contributions will be equal to 85% of single or family premiums.

Teachers retired after the 2012-2013 school year at least age 57 with 15 years of service will receive contributions towards their medical premiums until Medicare eligibility. Contributions will be equal to 85% of premiums in effect at the time of retirement.

Teachers who retire prior to age 57 with 15 years of service may receive medical benefits. Retirees will pay 100% of the premiums until age 57. After age 57, the retirees will receive contributions towards their medical premiums of 100%.

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

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 53 |
| Inactive employees entitled to but not yet receiving benefits | - |
| Active employees | <u>748</u> |
| Total | <u>801</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 and 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 were \$124 - \$324 per participant per month and \$702 - \$1,835 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$291,591 and the District contributed \$2,346,074 to the plan.

Actuarial Assumptions - The net OPEB healthcare liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

| | |
|------------------------------------|--|
| Actuarial Valuation Date: | June 30, 2021 |
| Measurement Date: | June 30, 2022 |
| Actuarial Cost Method: | Entry Age Normal - Level % |
| Amortization Period: | 30 years |
| Asset Valuation Method: | Fair Value |
| Long-Term Expected Rate of Return: | 5% |
| Discount Rate: | 5% |
| Salary Increases: | 3% |
| Mortality: | Wisconsin 2018 Mortality Table |
| Medical Care Cost Trend: | 6.5% decreasing by 0.1% per year to 5%, and level thereafter |

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2021.

Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System experience from 2015 - 2017.

The OPEB liability for June 30, 2023 is based upon an update of the liability calculated from the July 1, 2021 actuarial valuation. There were no material changes in assumptions or benefit terms which occurred between the actuarial valuation date and the measurement date.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on plan investments was determined by expected future real rates of return (expected returns, net of plan investment expense and inflation) developed for each major asset class. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Long-Term Real Rate of Return | Target Allocation |
|--------------------|-------------------------------|-------------------|
| Equities | 52.56% | 50% |
| Fixed Income | 41.33% | 40% |
| Real Assets | 5.68% | 6% |
| Cash & Equivalents | .43% | 4% |

Discount Rate - A discount rate of 5% was used to measure the total OPEB healthcare liability. This discount rate was based on a 20 year municipal bond rate. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan's fiduciary net position 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. The discount rate incorporated a 20 year AA municipal bond rate (5%).

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

Changes in the Net OPEB Healthcare Liability

| | Increase (Decrease) | | |
|--|---------------------------------------|---------------------------|-------------------------------------|
| | Total OPEB Healthcare Liability | Fiduciary Net Position | Net OPEB Healthcare Liability |
| | (a) | (b) | (a) - (b) |
| Beginning balance | \$ 19,606,013 | \$ 2,852,754 | \$ 16,753,259 |
| Changes for the year: | | | |
| Service cost | 960,928 | - | 960,928 |
| Interest | 973,675 | - | 973,675 |
| Differences between expected and actual experience | 66,842 | - | 66,842 |
| Contributions - employer | - | 1,772,736 | (1,772,736) |
| Net investment income | - | (348,466) | 348,466 |
| Benefit payments | (1,225,941) | (1,225,941) | - |
| Net changes | 775,504 | 198,329 | 577,175 |
| Ending balance | <u>\$ 20,381,517</u> | <u>\$ 3,051,083</u> | <u>\$ 17,330,434</u> |

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate -

The following presents the net OPEB healthcare liability calculated using the healthcare cost trend rate of 6.5 percent decreasing to 5 percent, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (5.5 percent decreasing to 4 percent) or 1-percentage-point higher (7.5 percent decreasing to 6 percent) than the current rate:

| | 1% Decrease to Healthcare Cost Rate (5.5% decreasing to 4%) | Current Healthcare Cost Rate (6.5% decreasing to 5%) | 1% Increase to Healthcare Cost Rate (7.5% decreasing to 6%) |
|-------------------------------|--|---|--|
| Net OPEB healthcare liability | \$ 15,605,064 | \$ 17,330,434 | \$ 19,320,607 |

Sensitivity of the Net OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the net OPEB healthcare liability calculated using the discount rate of 5 percent, as well as what the net OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4 percent) or 1-percentage-point higher (6 percent) than the current rate:

| | 1% Decrease to Discount Rate (4%) | Current Discount Rate (5%) | 1% Increase to Discount Rate (6%) |
|-------------------------------|---|-------------------------------|---|
| Net OPEB healthcare liability | \$ 18,773,905 | \$ 17,330,434 | \$ 15,963,958 |

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 \$1,500,876.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB healthcare from the following sources:

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 8 - Post Employment Benefits Other Than Pensions - Continued

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 60,765 | \$ 2,682,797 |
| Net differences between projected and actual earnings on pension plan investments | 461,140 | - |
| Changes in assumptions | 2,026,406 | 3,717,749 |
| Employer contributions subsequent to the measurement date | 2,346,074 | - |
| Total | \$ 4,894,385 | \$ 6,400,546 |

\$2,346,074 reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net 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:

| Year ending June 30 | Deferred Outflows and (Inflows) of Resources |
|------------------------|--|
| 2024 | \$ (284,397) |
| 2025 | (293,462) |
| 2026 | (307,885) |
| 2027 | (314,356) |
| 2028 | (415,270) |
| Thereafter | (2,236,865) |

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 9 - 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> |
|--------------------------------------|------------------------|---------------|
| Restricted | | |
| Non-Referendum approved debt service | Principal and interest | \$ 235,875 |
| Referendum approved debt service | Principal and interest | \$ 728,665 |
| Food service | DPI regulation | \$ 1,517,745 |
| Long-term capital improvement trust | DPI regulation | \$ 5,418,164 |
| Other capital projects | DPI regulation | \$ 3,022,923 |
| Committed | | |
| General | Specific expenses | \$ 17,125,364 |
| Special revenue trust | Specific expenses | \$ 909,588 |
| Assigned | | |
| Community service | Specific expenses | \$ 2,502,435 |

WISCONSIN RAPIDS PUBLIC SCHOOLS
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2023

NOTE 9 - Fund Balance and Net Position - Continued

Governmental Activities

Restricted

| | | |
|------------------|--|--------------|
| Special revenue | Donor specific expenses and DPI regulation | \$ 1,517,745 |
| Debt service | Principal and interest | \$ 964,540 |
| Capital projects | DPI regulation | \$ 8,441,087 |

NOTE 10 - Risk Management

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

NOTE 11 - Commitments and Contingencies

The District has a service agreement with Cooperative Education Service Agency #5 for services to be provided to the District in 2023-2024. Expected local district net costs are \$414,799.

The District has transportation agreements through 2024. Rates are negotiated in June each year for the next fiscal year. It is expected that the cost for 2023-2024 will exceed \$2,988,314.

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 12 - Limitation of School District Revenue

Wisconsin statutes limit the amount of revenue school districts may derive from general school aids and property taxes. This limitation does not apply to revenue needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or by a referendum prior to August 12, 1993 and (b) a referendum on or after August 12, 1993.

**WISCONSIN RAPIDS PUBLIC SCHOOLS
WISCONSIN RAPIDS, WISCONSIN**

**REQUIRED
SUPPLEMENTARY INFORMATION**

WISCONSIN RAPIDS PUBLIC SCHOOLS
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 FINAL BUDGET POSITIVE (NEGATIVE) |
|--|---------------------------|--------------------|----------------------|------------------------|--------------------|----------------------|----------------------|--------------------|----------------------|---|
| | GENERAL | SPECIAL | | GENERAL | SPECIAL | | GENERAL | SPECIAL | | |
| | | EDUCATION | TOTAL | | EDUCATION | TOTAL | | EDUCATION | TOTAL | |
| REVENUES | | | | | | | | | | |
| Property taxes | \$ 16,516,620 | \$ - | \$ 16,516,620 | \$ 16,516,620 | \$ - | \$ 16,516,620 | \$ 16,515,045 | \$ - | \$ 16,515,045 | \$ (1,575) |
| Other local sources | 713,605 | 396 | 714,001 | 713,605 | 396 | 714,001 | 1,009,443 | - | 1,009,443 | 295,442 |
| Interdistrict sources | 1,810,461 | 90,000 | 1,900,461 | 1,810,461 | 90,000 | 1,900,461 | 1,743,408 | 97,140 | 1,840,548 | (59,913) |
| Intermediate sources | 282,664 | - | 282,664 | 282,664 | - | 282,664 | 367,413 | - | 367,413 | 84,749 |
| State sources | 47,381,725 | 3,283,557 | 50,665,282 | 47,509,128 | 3,283,557 | 50,792,685 | 47,606,799 | 3,666,835 | 51,273,634 | 480,949 |
| Federal sources | 4,910,080 | 1,845,834 | 6,755,914 | 5,201,264 | 1,865,091 | 7,066,355 | 4,671,596 | 1,805,469 | 6,477,065 | (589,290) |
| Other sources | 167,000 | - | 167,000 | 167,000 | - | 167,000 | 214,690 | - | 214,690 | 47,690 |
| TOTAL REVENUES | 71,782,155 | 5,219,787 | 77,001,942 | 72,200,742 | 5,239,044 | 77,439,786 | 72,128,394 | 5,569,444 | 77,697,838 | 258,052 |
| EXPENDITURES | | | | | | | | | | |
| Current | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular instruction | 27,050,696 | - | 27,050,696 | 25,213,613 | - | 25,213,613 | 24,215,505 | - | 24,215,505 | 998,108 |
| Vocational instruction | 1,688,193 | - | 1,688,193 | 1,687,974 | - | 1,687,974 | 1,701,929 | - | 1,701,929 | (13,955) |
| Special instruction | - | 10,103,207 | 10,103,207 | - | 10,040,694 | 10,040,694 | - | 9,671,528 | 9,671,528 | 369,166 |
| Other instruction | 3,558,531 | - | 3,558,531 | 3,652,682 | - | 3,652,682 | 3,589,610 | - | 3,589,610 | 63,072 |
| Total instruction | 32,297,420 | 10,103,207 | 42,400,627 | 30,554,269 | 10,040,694 | 40,594,963 | 29,507,044 | 9,671,528 | 39,178,572 | 1,416,391 |
| Support services | | | | | | | | | | |
| Pupil services | 2,665,433 | 1,743,592 | 4,409,025 | 3,650,281 | 1,809,592 | 5,459,873 | 3,651,591 | 1,775,903 | 5,427,494 | 32,379 |
| Instructional staff services | 3,743,214 | 447,886 | 4,191,100 | 4,315,239 | 448,656 | 4,763,895 | 3,757,266 | 452,297 | 4,209,563 | 554,332 |
| General administration services | 936,104 | - | 936,104 | 936,104 | - | 936,104 | 904,406 | - | 904,406 | 31,698 |
| Building administration services | 3,109,524 | - | 3,109,524 | 3,113,424 | - | 3,113,424 | 3,131,385 | - | 3,131,385 | (17,961) |
| Business services | 10,534,847 | 686,562 | 11,221,409 | 10,627,353 | 701,562 | 11,328,915 | 10,213,614 | 729,293 | 10,942,907 | 386,008 |
| Central services | 397,428 | 10,525 | 407,953 | 399,853 | 10,525 | 410,378 | 995,150 | 6,054 | 1,001,204 | (590,826) |
| Insurance | 435,080 | 4,600 | 439,680 | 435,080 | 4,600 | 439,680 | 390,161 | - | 390,161 | 49,519 |
| Other support services | 2,122,178 | - | 2,122,178 | 1,795,365 | - | 1,795,365 | 1,907,778 | 112,287 | 2,020,065 | (224,700) |
| Total support services | 23,943,808 | 2,893,165 | 26,836,973 | 25,272,699 | 2,974,935 | 28,247,634 | 24,951,351 | 3,075,834 | 28,027,185 | 220,449 |
| Non-program transactions | 6,439,623 | 370,410 | 6,810,033 | 6,466,623 | 370,410 | 6,837,033 | 6,647,507 | 365,451 | 7,012,958 | (175,925) |
| Debt service | | | | | | | | | | |
| Principal | 52,448 | - | 52,448 | 52,448 | - | 52,448 | 318,710 | - | 318,710 | (266,262) |
| Interest | 20,610 | - | 20,610 | 20,610 | - | 20,610 | 20,610 | - | 20,610 | - |
| Total debt service | 73,058 | - | 73,058 | 73,058 | - | 73,058 | 339,320 | - | 339,320 | (266,262) |
| Capital outlay | 724,551 | 33,000 | 757,551 | 730,398 | 33,000 | 763,398 | 514,833 | - | 514,833 | 248,565 |
| TOTAL EXPENDITURES | 63,478,460 | 13,399,782 | 76,878,242 | 63,097,047 | 13,419,039 | 76,516,086 | 61,960,055 | 13,112,813 | 75,072,868 | 1,443,218 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 8,303,695 | (8,179,995) | 123,700 | 9,103,695 | (8,179,995) | 923,700 | 10,168,339 | (7,543,369) | 2,624,970 | 1,701,270 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Transfer (to) / from other funds | (8,303,995) | 8,179,995 | (124,000) | (9,103,995) | 8,179,995 | (924,000) | (8,448,806) | 7,543,369 | (905,437) | 18,563 |
| SBITA proceeds | - | - | - | - | - | - | 616,756 | - | 616,756 | 616,756 |
| Sale of capital assets | 300 | - | 300 | 300 | - | 300 | 109,272 | - | 109,272 | 108,972 |
| TOTAL OTHER FINANCING SOURCES (USES) | (8,303,695) | 8,179,995 | (123,700) | (9,103,695) | 8,179,995 | (923,700) | (7,722,778) | 7,543,369 | (179,409) | 744,291 |
| NET CHANGE IN FUND BALANCE | - | - | - | - | - | - | 2,445,561 | - | 2,445,561 | 2,445,561 |
| FUND BALANCE - BEGINNING OF YEAR | 14,679,803 | - | 14,679,803 | 14,679,803 | - | 14,679,803 | 14,679,803 | - | 14,679,803 | - |
| FUND BALANCE - END OF YEAR | \$ 14,679,803 | \$ - | \$ 14,679,803 | \$ 14,679,803 | \$ - | \$ 14,679,803 | \$ 17,125,364 | \$ - | \$ 17,125,364 | \$ 2,445,561 |

The accompanying notes are an integral part of these statements.

WISCONSIN RAPIDS PUBLIC SCHOOLS
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 in the general fund and at the individual fund level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board 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 reserved fund balance.
7. Encumbrance accounting is used by the District.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

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

| | | | |
|---------------------------|----------------------------------|----|---------|
| General/Special Education | Vocational instruction | \$ | 13,955 |
| General/Special Education | Building administration services | | 17,961 |
| General/Special Education | Central services | | 590,826 |
| General/Special Education | Other support services | | 224,700 |
| General/Special Education | Non-program transactions | | 175,925 |
| General/Special Education | Debt service - principal | | 266,262 |

WISCONSIN RAPIDS PUBLIC SCHOOLS
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 | 0.20339366% | \$ 10,775,193 | \$36,309,905 | 29.68% | 95.72% |
| 2021 | 0.20586048% | (16,592,733) | 35,555,457 | -46.67% | 106.02% |
| 2020 | 0.20736516% | (12,946,094) | 34,036,393 | -38.04% | 105.26% |
| 2019 | 0.21140205% | (6,816,567) | 33,267,434 | -20.49% | 102.96% |
| 2018 | 0.21727139% | 7,729,835 | 32,404,455 | 23.85% | 96.45% |
| 2017 | 0.22582810% | (6,705,104) | 32,046,597 | -20.92% | 102.93% |
| 2016 | 0.23414621% | 1,929,924 | 32,597,732 | 5.92% | 99.12% |
| 2015 | 0.24294882% | 3,947,871 | 33,571,083 | 11.76% | 98.20% |
| 2014 | 0.25038271% | (6,150,084) | 33,599,478 | -18.30% | 102.74% |

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 | \$ 2,488,847 | \$ (2,488,847) | \$ - | \$ 37,262,071 | 6.68% |
| 2022 | 2,367,889 | (2,367,889) | - | 35,862,562 | 6.60% |
| 2021 | 2,297,487 | (2,297,487) | - | 34,036,393 | 6.75% |
| 2020 | 2,179,018 | (2,179,018) | - | 33,267,434 | 6.55% |
| 2019 | 2,171,107 | (2,171,107) | - | 32,404,455 | 6.70% |
| 2018 | 2,179,146 | (2,179,146) | - | 32,046,597 | 6.80% |
| 2017 | 2,154,761 | (2,154,761) | - | 32,597,732 | 6.61% |
| 2016 | 2,282,834 | (2,282,834) | - | 33,571,083 | 6.80% |
| 2015 | 2,352,414 | (2,352,414) | - | 33,599,478 | 7.00% |

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

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

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

Changes of benefit terms - there were no changes of benefit terms for any participating employer in Wisconsin Retirement System.

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

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

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.

WISCONSIN RAPIDS PUBLIC SCHOOLS
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.

WISCONSIN RAPIDS PUBLIC SCHOOLS
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.

WISCONSIN RAPIDS PUBLIC SCHOOLS
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 | 1.21200300% | \$ 4,617,521 | \$ 29,327,000 | 15.74% | 38.81% |
| 2021 | 1.22630900% | 7,247,939 | 29,582,000 | 24.50% | 29.57% |
| 2020 | 1.18603500% | 6,524,049 | 29,132,000 | 22.39% | 31.36% |
| 2019 | 1.16321100% | 4,953,179 | 27,987,000 | 17.70% | 37.58% |
| 2018 | 1.18765500% | 3,064,551 | 26,830,000 | 11.42% | 48.69% |
| 2017 | 1.21092000% | 3,643,150 | 50,922,650 | 7.15% | 44.81% |

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

| District Fiscal Year End | Contractually Required Contributions | Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------------|--------------------------------------|--------------------------------------|----------------------------------|-----------------|--|
| 2023 | \$ 24,102 | \$ (24,102) | \$ - | \$ 30,280,000 | 0.08% |
| 2022 | 24,774 | (24,774) | - | 30,214,000 | 0.08% |
| 2021 | 23,650 | (23,650) | - | 29,132,000 | 0.08% |
| 2020 | 21,028 | (21,028) | - | 27,987,000 | 0.08% |
| 2019 | 22,882 | (22,882) | - | 26,830,000 | 0.09% |
| 2018 | 22,995 | (22,995) | - | 50,922,650 | 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 preceding 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.

WISCONSIN RAPIDS PUBLIC SCHOOLS
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> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Total OPEB Healthcare Liability | | | | | | |
| Service cost | \$ 960,928 | \$ 1,739,799 | \$ 1,378,824 | \$ 1,350,658 | \$ 1,386,079 | \$ 1,309,691 |
| Interest | 973,675 | 591,956 | 811,528 | 602,851 | 594,205 | 565,603 |
| Differences between expected and actual experience | 66,842 | (3,011,361) | - | (328,261) | (30,549) | (11,895) |
| Changes of assumptions or other input | - | (4,543,915) | 2,134,845 | 886,692 | - | - |
| Benefit payments | <u>(1,225,941)</u> | <u>(1,219,439)</u> | <u>(1,546,659)</u> | <u>(976,029)</u> | <u>(903,748)</u> | <u>(865,090)</u> |
| Net Changes in Total OPEB Healthcare Liability | 775,504 | (6,442,960) | 2,778,538 | 1,535,911 | 1,045,987 | 998,309 |
| Total OPEB Healthcare Liability - Beginning | <u>19,606,013</u> | <u>26,048,973</u> | <u>23,270,435</u> | <u>21,734,524</u> | <u>20,688,537</u> | <u>19,690,228</u> |
| Total OPEB Healthcare Liability - Ending (a) | <u>\$ 20,381,517</u> | <u>\$ 19,606,013</u> | <u>\$ 26,048,973</u> | <u>\$ 23,270,435</u> | <u>\$ 21,734,524</u> | <u>\$ 20,688,537</u> |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - employer | \$ 1,772,736 | \$ 1,715,669 | \$ 1,736,204 | \$ 1,143,111 | \$ 1,318,200 | \$ 2,099,950 |
| Net investment income (loss) | (348,466) | 25,673 | 5,941 | 10,800 | 4,251 | 38,297 |
| Benefit payments | <u>(1,225,941)</u> | <u>(1,219,439)</u> | <u>(1,546,659)</u> | <u>(976,029)</u> | <u>(1,255,363)</u> | <u>(1,958,749)</u> |
| Net Changes in Plan Fiduciary Net Position | 198,329 | 521,903 | 195,486 | 177,882 | 67,088 | 179,498 |
| Plan Fiduciary Net Position - Beginning | <u>2,852,754</u> | <u>2,330,851</u> | <u>2,135,365</u> | <u>1,957,483</u> | <u>1,890,395</u> | <u>1,710,897</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 3,051,083</u> | <u>\$ 2,852,754</u> | <u>\$ 2,330,851</u> | <u>\$ 2,135,365</u> | <u>\$ 1,957,483</u> | <u>\$ 1,890,395</u> |
| Net OPEB Healthcare Liability - Ending (a) - (b) | <u>\$ 17,330,434</u> | <u>\$ 16,753,259</u> | <u>\$ 23,718,122</u> | <u>\$ 21,135,070</u> | <u>\$ 19,777,041</u> | <u>\$ 18,798,142</u> |
| Plan fiduciary net position as a percentage of the total OPEB Healthcare Liability | 14.97% | 14.55% | 8.95% | 9.18% | 9.01% | 9.14% |
| Covered payroll | \$ 33,667,141 | \$ 33,667,141 | \$ 32,311,973 | \$ 32,311,973 | \$ 25,899,480 | \$ 25,899,480 |
| Net OPEB Healthcare Liability as a percentage of covered payroll | 51.48% | 49.76% | 73.40% | 65.41% | 76.36% | 72.58% |

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> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|
| Actuarially determined contributions | \$ 1,773,289 | \$ 2,274,855 | \$ 2,208,597 | \$ 1,998,262 | \$ 1,940,060 | \$ 1,836,997 |
| Contributions in relation to the actuarially determined contributions | <u>(1,772,736)</u> | <u>(1,715,669)</u> | <u>(1,736,204)</u> | <u>(1,143,111)</u> | <u>(1,255,363)</u> | <u>(1,958,749)</u> |
| Contribution deficiency (excess) | <u>\$ 553</u> | <u>\$ 559,186</u> | <u>\$ 472,393</u> | <u>\$ 855,151</u> | <u>\$ 684,697</u> | <u>\$ (121,752)</u> |
| Covered payroll | \$ 33,667,141 | \$ 33,667,141 | \$ 32,311,973 | \$ 32,311,973 | \$ 25,899,480 | \$ 25,899,480 |
| Contributions as a percentage of covered payroll | 5.27% | 5.10% | 5.37% | 3.54% | 4.85% | 7.56% |
| Actuarial valuation date | 6/30/2021 | 6/30/2021 | 6/30/2019 | 6/30/2019 | 6/30/2017 | 6/30/2017 |
| Measurement date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 |

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 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

Methods and assumptions used to determine actuarial calculations - entry age normal cost, 30 year level % open amortization, fair value asset valuation, 5% discount rate, 2.5% inflation, 3% salary increases, Wisconsin 2018 mortality table.

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

Changes of assumptions - the inflation rate increased to 2.5%.

**WISCONSIN RAPIDS PUBLIC SCHOOLS
WISCONSIN RAPIDS, WISCONSIN
SUPPLEMENTARY INFORMATION**

WISCONSIN RAPIDS PUBLIC SCHOOLS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

| | SPECIAL REVENUE FUNDS | | | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|--------------------------|-------------------------|----------------------------|----------------------------|--|
| | SPECIAL REVENUE TRUST | INDIAN EDUCATION | FOOD SERVICE | COMMUNITY SERVICE | |
| ASSETS | | | | | |
| Cash and investments | \$ 904,901 | \$ - | \$ 1,583,706 | \$ 2,515,075 | \$ 5,003,682 |
| Receivables | | | | | |
| Accounts | 6,688 | - | 2,235 | - | 8,923 |
| Due from other governments | - | 23,918 | 16,926 | - | 40,844 |
| TOTAL ASSETS | <u>911,589</u> | <u>23,918</u> | <u>1,602,867</u> | <u>2,515,075</u> | <u>5,053,449</u> |
| LIABILITIES | | | | | |
| Accounts payable | 2,001 | - | 16,917 | 8,632 | 27,550 |
| Accrued payroll liabilities | - | - | 7,988 | 4,008 | 11,996 |
| Due to other funds | - | 23,918 | - | - | 23,918 |
| Unearned revenue | - | - | 60,217 | - | 60,217 |
| TOTAL LIABILITIES | <u>2,001</u> | <u>23,918</u> | <u>85,122</u> | <u>12,640</u> | <u>123,681</u> |
| FUND BALANCES | | | | | |
| Restricted | - | - | 1,517,745 | - | 1,517,745 |
| Committed | 909,588 | - | - | - | 909,588 |
| Assigned | - | - | - | 2,502,435 | 2,502,435 |
| TOTAL FUND BALANCES | <u>909,588</u> | <u>-</u> | <u>1,517,745</u> | <u>2,502,435</u> | <u>4,929,768</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 911,589</u> | <u>\$ 23,918</u> | <u>\$ 1,602,867</u> | <u>\$ 2,515,075</u> | <u>\$ 5,053,449</u> |

WISCONSIN RAPIDS PUBLIC SCHOOLS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2023

| | SPECIAL REVENUE FUNDS | | | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|--|--------------------------|---------------------|---------------------|----------------------|--|
| | SPECIAL REVENUE TRUST | INDIAN EDUCATION | FOOD SERVICE | COMMUNITY SERVICE | |
| REVENUES | | | | | |
| Other local sources | \$ 1,373,949 | \$ - | \$ 897,698 | \$ 25,160 | \$ 2,296,807 |
| State sources | - | - | 44,000 | - | 44,000 |
| Federal sources | - | 30,568 | 2,572,466 | - | 2,603,034 |
| Other sources | - | - | 14,786 | - | 14,786 |
| TOTAL REVENUES | <u>1,373,949</u> | <u>30,568</u> | <u>3,528,950</u> | <u>25,160</u> | <u>4,958,627</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | | | | | |
| Regular instruction | 1,232,066 | - | - | - | 1,232,066 |
| Vocational instruction | 24,153 | - | - | - | 24,153 |
| Other instruction | 1,605 | - | - | - | 1,605 |
| Total instruction | <u>1,257,824</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,257,824</u> |
| Support services | | | | | |
| Pupil services | 22,746 | 27,024 | - | - | 49,770 |
| Business services | 6,543 | 3,544 | 3,952,820 | 221,759 | 4,184,666 |
| Central services | - | - | 19,652 | - | 19,652 |
| Community services | - | - | - | 273,408 | 273,408 |
| Total support services | <u>29,289</u> | <u>30,568</u> | <u>3,972,472</u> | <u>495,167</u> | <u>4,527,496</u> |
| Non-program transactions | 200 | - | - | - | 200 |
| Capital outlay | - | - | 89,902 | 114,701 | 204,603 |
| TOTAL EXPENDITURES | <u>1,287,313</u> | <u>30,568</u> | <u>4,062,374</u> | <u>609,868</u> | <u>5,990,123</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>86,636</u> | <u>-</u> | <u>(533,424)</u> | <u>(584,708)</u> | <u>(1,031,496)</u> |
| NET CHANGE IN FUND BALANCE | 86,636 | - | (533,424) | (584,708) | (1,031,496) |
| FUND BALANCES - BEGINNING OF YEAR | 822,952 | - | 2,051,169 | 3,087,143 | 5,961,264 |
| FUND BALANCES - END OF YEAR | <u>\$ 909,588</u> | <u>\$ -</u> | <u>\$ 1,517,745</u> | <u>\$ 2,502,435</u> | <u>\$ 4,929,768</u> |

WISCONSIN RAPIDS PUBLIC SCHOOLS
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
YEAR ENDED JUNE 30, 2023

| OPERATING ACTIVITY | WUFAR OBJECT CODE | COST |
|-------------------------|-------------------|-------------|
| Employee salary | 100 | \$ - |
| Employee benefits | 200 | - |
| Purchased services | 300 | - |
| Non-capital objects | 400 | - |
| Capital objects | 500 | - |
| Debt retirement | 600 | - |
| Insurance and judgments | 700 | - |
| Other objects | 900 | - |
| Total | | <u>\$ -</u> |

WISCONSIN RAPIDS PUBLIC SCHOOLS
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 | ACCRUED RECEIVABLE (UNEARNED) REVENUE) JULY 1, 2022 | REVENUES | | ACCRUED RECEIVABLE (UNEARNED) REVENUE) JUNE 30, 2023 | SUBRECIPIENT PASS-THROUGH EXPENDITURES |
|--|---|---------------------------------|-------------------------------|---|--------------------------|--------------|--|--|
| | | | | | GRANTOR REIMBURSEMENT | EXPENDITURES | | |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | | |
| <u>Child Nutrition Cluster</u> | | | | | | | | |
| <u>Food Donation</u> | | | | | | | | |
| July 1, 2022 - June 30, 2023 | None | 10.555 | N/A | \$ - | \$ 291,358 | \$ 291,358 | \$ - | \$ - |
| School Breakfast Program July 1, 2022 - June 30, 2023 | 2023-716685-DPI-SB-546 | 10.553 | N/A | - | 557,622 | 557,622 | - | - |
| National School Lunch Program July 1, 2022 - June 30, 2023 | 2023-716685-DPI-NSL-547 | 10.555 | N/A | - | 1,642,208 | 1,642,208 | - | - |
| Special Milk Program for Children July 1, 2022 - June 30, 2023 | 2023-716685-DPI-SMP-548 | 10.556 | N/A | - | 1,735 | 1,735 | - | - |
| Summer Food Service Program for Children July 1, 2022 - June 30, 2023 | 2023-716685-DPI-SMP-561 | 10.559 | N/A | - | 12,130 | 29,056 | 16,926 | - |
| COVID-19 - Summer Food Service Program for Children July 1, 2021 - June 30, 2022 | 2022-716685-DPI-SMP-561 | 10.559 | N/A | 10,128 | 10,128 | - | - | - |
| Fresh Fruit and Vegetable Program July 1, 2022 - June 30, 2023 | 2023-716685-DPI-FFVP-July-594 | 10.582 | \$ 8,654 | - | 8,654 | 8,654 | - | - |
| Fresh Fruit and Vegetable Program July 1, 2022 - June 30, 2023 | 2023-716685-DPI-FFVP-Oct-376 | 10.582 | 42,948 | - | 41,834 | 41,834 | - | - |
| Total Child Nutrition Cluster | | | | 10,128 | 2,565,669 | 2,572,467 | 16,926 | - |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | 10,128 | 2,565,669 | 2,572,467 | 16,926 | - |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | |
| Indian Education | | | | | | | | |
| July 1, 2021 - June 30, 2022 | S060A200136 | 84.060 | N/A | 14,788 | 14,788 | - | - | - |
| July 1, 2022 - June 30, 2023 | S060A210136 | | 28,612 | - | 6,650 | 30,568 | 23,918 | - |
| | | | | 14,788 | 21,438 | 30,568 | 23,918 | - |
| Wisconsin Department of Public Instruction | | | | | | | | |
| <u>Special Education Cluster</u> | | | | | | | | |
| Special Education - Grants to States (IDEA Part B) July 1, 2021 - June 30, 2022 | 2022-716685-DPI-IDEA-FLOW-341 | 84.027A | N/A | 480,959 | 480,959 | - | - | - |
| July 1, 2022 - June 30, 2023 | 2023-716685-DPI-IDEA-FLOW-341 | | 1,233,617 | - | 637,300 | 1,197,719 | 560,419 | - |
| Special Education - Grants to States - CEIS July 1, 2021 - June 30, 2022 | 2022-716685-DPI-IDEA-FLOW-341 | 84.027A | N/A | 52,822 | 52,822 | - | - | - |
| July 1, 2022 - June 30, 2023 | 2023-716685-DPI-IDEA-FLOW-341 | | 261,135 | - | 206,915 | 377,529 | 170,614 | - |
| Special Education - Preschool Grants (IDEA Part B) July 1, 2021 - June 30, 2022 | 2022-716685-DPI-PRESCH-347 | 84.173A | N/A | 209 | 209 | - | - | - |
| July 1, 2022 - June 30, 2023 | 2023-716685-DPI-PRESCH-347 | | 51,147 | - | 8,685 | 48,945 | 40,260 | - |
| Special Education - Preschool Grants - ARPA (IDEA Part B) July 1, 2021 - June 30, 2022 | 2022-716685-DPI-PRESCH-347 | 84.173X | N/A | 4,409 | 4,409 | - | - | - |
| Total Special Education Cluster | | | | 538,399 | 1,391,299 | 1,624,193 | 771,293 | - |
| <u>Education Stabilization Fund</u> | | | | | | | | |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund III | | | | | | | | |
| March 13, 2020 - September 30, 2024 | 2022-716685-DPI-ESSERFIII-165 | 84.425U | N/A | 1,203,456 | 1,203,456 | - | - | - |
| March 13, 2020 - September 30, 2024 | 2023-716685-DPI-ESSERFIII-165 | | 7,086,465 | - | 1,490,239 | 2,461,422 | 971,183 | - |
| COVID-19 - ESSER - Homeless Children and Youth Part 1 April 23, 2021 - September 30, 2024 | 2023-716685-DPI-ARPHCYI-168 | 84.425W | 30,000 | - | 4,922 | 12,113 | 7,191 | - |
| COVID-19 - ESSER - Homeless Children and Youth Part 2 April 23, 2021 - September 30, 2024 | 2023-716685-DPI-ARPHCYII-173 | 84.425W | 42,501 | - | 16,139 | 29,835 | 13,696 | - |
| Total Education Stabilization Fund | | | | 1,203,456 | 2,714,756 | 2,503,370 | 992,070 | - |
| Title I-A - Grants to Local Educational Agencies July 1, 2021 - June 30, 2022 | 2022-716685-DPI-TIA-141 | 84.010A | N/A | 722,733 | 722,733 | - | - | - |
| July 1, 2022 - June 30, 2023 | 2023-716685-DPI-TI-A-141 | | 1,146,594 | - | 568,915 | 1,063,485 | 494,570 | - |
| Career and Technical Education - Basic Grants to States July 1, 2021 - June 30, 2022 | 2022-716685-DPI-CTE-400 | 84.048 | N/A | 27,273 | 27,273 | - | - | - |
| July 1, 2022 - June 30, 2023 | 2023-716685-DPI-CTE-400 | | 55,033 | - | 24,617 | 55,033 | 30,416 | - |
| Title X-C - Education for Homeless Children and Youth July 1, 2021 - June 30, 2022 | 2022-716685-DPI-EHCY-335 | 84.196A | N/A | 17,500 | 17,500 | - | - | - |
| July 1, 2022 - June 30, 2023 | 2023-716685-DPI-EHCY-335 | | 58,971 | - | 16,950 | 58,971 | 42,021 | - |
| Title III-A - English Language Acquisition Grants July 1, 2021 - June 30, 2022 | 2022-716685-DPI-TIIIA-391 | 84.365A | N/A | 5,073 | 5,073 | - | - | - |
| July 1, 2022 - June 30, 2023 | 2023-716685-DPI-TIIIA-391 | | 18,873 | - | 7,126 | 17,618 | 10,492 | - |
| Title II-A - Supporting Effective Instruction State Grant July 1, 2021 - June 30, 2022 | 2022-716685-DPI-TIIA-365 | 84.367A | N/A | 89,777 | 89,777 | - | - | - |
| July 1, 2022 - June 30, 2023 | 2023-716685-DPI-TIIA-365 | | 174,474 | - | 87,635 | 173,420 | 85,785 | - |
| Title IV-A Student Support and Academic Enrichment Grants July 1, 2021 - June 30, 2022 | 2022-716685-DPI-TIVA-381 | 84.424A | N/A | 28,623 | 28,623 | - | - | - |
| July 1, 2022 - June 30, 2023 | 2023-716685-DPI-TIVA-381 | | 56,021 | - | 14,015 | 46,537 | 32,522 | - |
| Mid-State Technical College | | | | | | | | |
| Tech Prep Education July 1, 2022 - June 30, 2023 | None | 84.048 | N/A | - | 1,400 | 1,400 | - | - |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | | 2,647,622 | 5,739,130 | 5,574,595 | 2,483,087 | - |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | |
| Cooperative Educational Service Agency #5 | | | | | | | | |
| Public Health Emergency Response July 1, 2022 - June 30, 2023 | None | 93.354 | 36,827 | - | 36,827 | 36,827 | - | - |
| Wisconsin Department of Health Services | | | | | | | | |
| <u>Medicaid Cluster</u> | | | | | | | | |
| Medical Assistance July 1, 2021 - June 30, 2022 | None | 93.778 | N/A | 21,428 | 21,428 | - | - | - |
| July 1, 2022 - June 30, 2023 | None | | N/A | - | 412,614 | 412,614 | - | - |
| Total Medicaid Cluster | | | | 21,428 | 434,042 | 412,614 | - | - |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | 21,428 | 470,869 | 449,441 | - | - |
| TOTAL FEDERAL ASSISTANCE | | | | \$ 2,679,178 | \$ 8,775,668 | \$ 8,596,503 | \$ 2,500,013 | \$ - |

The accompanying notes are an integral part of these statements.

WISCONSIN RAPIDS PUBLIC SCHOOLS
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2023

| AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION | PASS-THROUGH | STATE I.D. NUMBER | RECEIVABLE | | REVENUE | | RECEIVABLE | | SUBRECIPIENT PASS-THROUGH EXPENDITURES |
|---|---------------------------------|-------------------------|---------------------------------------|--------------------------|---------------|--|------------|--|--|
| | ENTITY IDENTIFYING NUMBER | | (UNEARNED REVENUE) JULY 1, 2022 | GRANTOR REIMBURSEMENT | EXPENDITURES | (UNEARNED REVENUE) JUNE 30, 2023 | | | |
| WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | | | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | | | |
| Special Education and School Age Parents | 716685-100 | 255.101 | \$ - | \$ 3,599,793 | \$ 3,599,793 | \$ - | \$ - | | |
| State School Lunch Aid | 716685-107 | 255.102 | - | 26,056 | 26,056 | - | - | | |
| Common School Fund Library Aid | 716685-104 | 255.103 | - | 317,855 | 317,855 | - | - | | |
| Bilingual/Bicultural Aid | 716685-111 | 255.106 | - | 44,013 | 44,013 | - | - | | |
| General Transportation Aid | 716685-102 | 255.107 | - | 183,207 | 183,207 | - | - | | |
| General Aids Cluster | | | | | | | | | |
| Equalization Aid | 716685-116 | 255.201 | - | 40,596,819 | 40,596,819 | - | - | | |
| Aid for High Poverty School District | 716685-121 | 255.926 | - | 272,566 | 272,566 | - | - | | |
| Total General Aids Cluster | | | - | 40,869,385 | 40,869,385 | - | - | | |
| High Cost Special Education Aid | 716685-119 | 255.210 | - | 31,692 | 31,692 | - | - | | |
| Aid for School Mental Health Programs | 716685-176 | 255.227 | - | 100,729 | 100,729 | - | - | | |
| School Based Mental Health Services Grant | 716685-177 | 255.297 | 13,995 | 13,995 | 136,005 | 136,005 | 136,005 | | |
| Peer Review and Mentoring | 716685-141 | 255.301 | 24,952 | 24,952 | 24,963 | 24,963 | 24,963 | | |
| AODA Program Grants - Cool To Be Kind | 716685-142 | 255.321 | - | - | 1,000 | 1,000 | - | | |
| School Breakfast Program | 716685-108 | 255.344 | - | 17,944 | 17,944 | - | - | | |
| Early College Credit Program | 716685-178 | 255.445 | - | 82 | 82 | - | - | | |
| Student Achievement Guarantee in Education | 716685-160 | 255.504 | - | 1,922,482 | 1,922,482 | - | - | | |
| Educator Effectiveness Evaluation System | 716685-154 | 255.940 | 32,080 | 64,320 | 32,240 | - | - | | |
| Per Pupil Aid | 716685-113 | 255.945 | - | 3,553,438 | 3,553,438 | - | - | | |
| Career and Technical Education Incentive | 716685-152 | 255.950 | 62,451 | 129,468 | 67,017 | - | - | | |
| Assessments for Reading Readiness | 716685-166 | 255.956 | - | 7,823 | 7,823 | - | - | | |
| Aid for Special Education Transition Grants | 716685-168 | 255.960 | - | 35,350 | 35,350 | - | - | | |
| TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | | | 133,478 | 50,942,584 | 50,971,074 | 161,968 | - | | |
| WISCONSIN DEPARTMENT OF NATURAL RESOURCES | | | | | | | | | |
| Payment in Lieu of Taxes | None | None | - | 21,468 | 21,468 | - | - | | |
| WISCONSIN DEPARTMENT OF REVENUE | | | | | | | | | |
| Exempt Personal Property Aid | None | None | - | 161,954 | 161,954 | - | - | | |
| Exempt Computer Aid | None | None | 139,645 | 139,645 | 139,645 | 139,645 | - | | |
| TOTAL WISCONSIN DEPARTMENT OF REVENUE | | | 139,645 | 301,599 | 301,599 | 139,645 | - | | |
| WISCONSIN DEPARTMENT OF JUSTICE | | | | | | | | | |
| School Safety Initiative - digital mapping of school business | None | 455.206 | - | 22,714 | 22,714 | - | - | | |
| TOTAL STATE FINANCIAL ASSISTANCE | | | \$ 273,123 | \$ 51,288,365 | \$ 51,316,855 | \$ 301,613 | \$ - | | |

The accompanying notes are an integral part of these statements.

WISCONSIN RAPIDS PUBLIC SCHOOLS
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 Wisconsin Rapids Public Schools. 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 \$11,473,868.

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.

**WISCONSIN RAPIDS PUBLIC SCHOOLS
WISCONSIN RAPIDS, 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
Wisconsin Rapids Public Schools
Wisconsin Rapids, 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 Wisconsin Rapids Public Schools, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Wisconsin Rapids Public Schools' basic financial statements and have issued our report thereon dated November 21, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wisconsin Rapids Public Schools' 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 Wisconsin Rapids Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Wisconsin Rapids Public Schools' 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 a certain deficiency in internal control, 2023-001, described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Report on Compliance and Other Matters

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

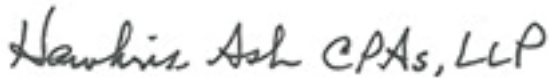
Wisconsin Rapids Public Schools' Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Wisconsin Rapids Public Schools' response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Wisconsin Rapids Public Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
November 21, 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
Wisconsin Rapids Public Schools
Wisconsin Rapids, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Wisconsin Rapids Public Schools' 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 Wisconsin Rapids Public Schools' major federal and state programs for the year ended June 30, 2023. Wisconsin Rapids Public Schools' 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, Wisconsin Rapids Public Schools' 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 Wisconsin Rapids Public Schools' 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 Wisconsin Rapids Public Schools' 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 Wisconsin Rapids Public Schools' 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 Wisconsin Rapids Public Schools' 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 Wisconsin Rapids Public Schools' 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 Wisconsin Rapids Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Wisconsin Rapids Public Schools' 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 Wisconsin Rapids Public Schools' 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

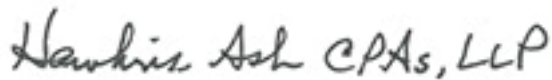
material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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, flowing style.

Manitowoc, Wisconsin
November 21, 2023

WISCONSIN RAPIDS PUBLIC SCHOOLS
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 No
 Significant deficiency(ies) identified not considered to be material weaknesses? Yes None reported

Noncompliance material to the financial statements? Yes No

Federal Awards

Internal control over financial reporting:
 Material weakness identified? Yes No
 Significant deficiency(ies) identified not considered to be material weaknesses? Yes 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 No

Identification of major federal programs:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
|----------------------------------|---|
| 84.010 | Title I |
| 84.425U/84.425W | Education Stabilization Fund |
| 93.778 | Medicaid Cluster |

State Assistance

Internal control over financial reporting:
 Material weakness identified? Yes No
 Significant deficiency(ies) identified not considered to be material weaknesses? Yes 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 No

WISCONSIN RAPIDS PUBLIC SCHOOLS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
 JUNE 30, 2023

Section I - Summary of Auditors' Results - Continued

Identification of major state programs:

| <u>State ID Number</u> | <u>Name of State Program or Cluster</u> |
|------------------------|---|
| 255.103 | Common School Fund Library Aid |
| 255.107 | General Transportation Aid |
| 255.201 | Equalization Aid |
| 255.504 | Achievement Gap Reduction |

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 a 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.

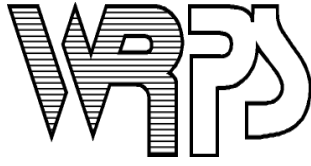
Recommendation: Obtain adequate training or continue to hire a certified public accounting (CPA) firm to prepare GAAP basis financial statements.

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.

WISCONSIN RAPIDS PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2023

Section III - Federal and State Award Findings and Questioned Costs

None.



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 6/30/09.

Corrective Action Plan

2023-001 - Preparation of Financial Statements - Contact: Aaron Nelson, 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.

**WISCONSIN RAPIDS PUBLIC SCHOOLS
WISCONSIN RAPIDS, WISCONSIN**

**INDEPENDENT AUDITORS' REPORTS ON COMMUNICATION
WITH THOSE CHARGED WITH GOVERNANCE
AND MANAGEMENT ADVISORY COMMENTS**

JUNE 30, 2023

WISCONSIN RAPIDS PUBLIC SCHOOLS

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JUNE 30, 2023

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| Appendix B | Management Representation Letter |



**INDEPENDENT AUDITORS' REPORT ON
COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

To the Board of Education
Wisconsin Rapids Public Schools
Wisconsin Rapids, Wisconsin

We have audited the financial statements of the Wisconsin Rapids Public Schools as of and for the year ended June 30, 2023, and have issued our report thereon dated November 21, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 23, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Wisconsin Rapids Public Schools solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting noted during our audit in a separate letter to you dated November 21, 2023.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- Management Override of Controls - professional standards require the auditor to address the risk that management is in a unique position to override controls that otherwise appear to be operating effectively.
- Improper Revenue Recognition - professional standards require the auditor to presume that risks of material misstatements exist in revenue recognition.

We have designed our audit procedures to adequately address the significant risks identified.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Wisconsin Rapids Public Schools is included in Note 1 to the financial statements. The District changed accounting policies by adopting Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, in 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the depreciable lives of capital assets is based on prior history.
- Management's estimate of the Wisconsin Retirement System pension was calculated by the State of Wisconsin Department of Employee Trust Funds' third party actuary.
- Management's estimate of the Wisconsin Retirement System local retiree life insurance fund was calculated by the State of Wisconsin Department of Employee Trust Funds' third-party actuary.
- Management's estimate of the other post employment benefit was calculated by the entity's third-party actuary.
- Management's estimated discount rate used to determine the SBITA liability.

We evaluated the key factors and assumptions used to develop the estimates listed above and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Wisconsin Rapids Public Schools's financial statements relate to: revenue recognition, Wisconsin Retirement System pension, Wisconsin Retirement System local retiree life insurance fund, and other post employment benefit.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We have not identified any significant unusual transactions during the audit.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule (Appendix B) summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements listed under Appendix A that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Wisconsin Rapids Public Schools' financial statements or the auditors' report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 21, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Wisconsin Rapids Public Schools, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Wisconsin Rapids Public Schools' auditors.

This report is intended solely for the information and use of the Board of Education and management of the Wisconsin Rapids Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

HAWKINS ASH CPAS, LLP

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

Manitowoc, Wisconsin
November 21, 2023



INDEPENDENT AUDITORS' REPORT ON MANAGEMENT ADVISORY COMMENTS

To the Board of Education
Wisconsin Rapids Public Schools
Wisconsin Rapids, Wisconsin

We have audited the general purpose financial statements of the Wisconsin Rapids Public Schools as of and for the year ended June 30, 2023 and have issued our report thereon dated November 21, 2023. We have also issued compliance reports and reports on the internal control structure in accordance with *Government Auditing Standards*. These reports disclosed any material instances of noncompliance, federal and state program findings and questioned costs, material weaknesses and significant deficiencies that were identified during the audit.

Other matters involving the internal control structure and the District's operations which came to our attention during the audit are reported on the following pages as management advisory comments.

We would like to take this opportunity to acknowledge the many courtesies extended to us by the District's personnel during the course of our work. In particular, we would like to note the considerable assistance and cooperation provided to us by Aaron Nelson and his staff.

We shall be pleased to discuss any of the matters referred to in this letter. Should you desire assistance in implementing any of the following suggestions, we would welcome the opportunity of assisting you in these matters.

HAWKINS ASH CPAS, LLP

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

Manitowoc, Wisconsin
November 21, 2023

MANAGEMENT ADVISORY COMMENTS

Current Year Comments

None.

Status of Prior Year(s) Comments

Original Budgeted Amounts (6/30/22)

The original budgeted amounts entered into the District's software were not the same as the adopted original budget amounts. This is due to the preliminary budget being adopted at the June budget hearing which is prior to having final state aid and tax levy numbers. In future school years the budget entered into the District's financial software after final state aid and tax levy numbers have been determined will be used by the District's auditors as the original budget. This will provide more accurate interim financial reports and allow better monitoring of the District's budget.

Status: Resolved.

APPENDIX A

Client: **0201753 - Wisconsin Rapids Public Schools**
 Engagement: **23 Audit - Wisconsin Rapids Public Schools**
 Period Ending: **6/30/2023**
 Trial Balance: **Database**
 Workpaper: **1501 - Adjusting Journal Entries**

| Account | Description | W/P Ref | Debit | Credit |
|--|--|-----------------|---------------------|---------------------|
| Adjusting Journal Entries | | | | |
| Adjusting Journal Entries JE # 35 | | 1501.01 | | |
| 2023 - Adjustment made per client subsequent to importing the trial balance. | | | | |
| 10-000-711100-000 | Cash on Deposit | | 686,097.00 | |
| 21-000-711100-000 | Cash on Deposit | | 2,000.00 | |
| 27-000-711100-000 | Cash on Deposit | | 5,292.00 | |
| 49-000-711100-000 | Cash on Deposit | | 9,949.00 | |
| 50-000-711100-000 | Cash on Deposit | | 16,916.00 | |
| 80-000-711100-000 | Cash on Deposit | | 8,632.00 | |
| 10-000-811200-000 | - ACCOUNTS PAYABLE | | | 686,097.00 |
| 21-000-811200-000 | Accounts Payable | | | 2,000.00 |
| 27-000-811200-000 | - ACCOUNTS PAYABLE | | | 5,292.00 |
| 49-000-811200-000 | ACCOUNTS PAYABLE | | | 9,949.00 |
| 50-000-811200-000 | ACCOUNTS PAYABLE | | | 16,916.00 |
| 80-000-811200-000 | Accounts Payable | | | 8,632.00 |
| Total | | | 728,886.00 | 728,886.00 |
| Adjusting Journal Entries JE # 38 | | | | |
| | | 7002 | | |
| 2023 - To reclassify amounts to proper accounts. | | | | |
| 50-730-250000-000 | BUSINESS ADMIN | | 12,000.00 | |
| 50-717-257210-000 | SCHOOL BREAKFAST | | | 12,000.00 |
| Total | | | 12,000.00 | 12,000.00 |
| Adjusting Journal Entries JE # 39 | | | | |
| | | 1501.02 | | |
| 2023 - Adjustment made per client subsequent to importing the trial balance. | | | | |
| 27-218-290000-000 | Retirement--Contribution to Employee Benefit Trust | | 112,287.00 | |
| 27-218-150000-000 | SPECIAL EDUCATION CURRICULUM | | | 86,602.00 |
| 27-218-210000-000 | PUPIL SERVICES | | | 22,968.00 |
| 27-218-220000-000 | STAFF SERVICES | | | 2,717.00 |
| Total | | | 112,287.00 | 112,287.00 |
| Adjusting Journal Entries JE # 40 | | | | |
| | | 1501.02 | | |
| 2023 - Adjustment made per client subsequent to importing the trial balance. | | | | |
| 10-280-500000-000 | REVENUES | | 12,500.00 | |
| 80-000-711100-000 | Cash on Deposit | | 12,500.00 | |
| 10-000-711100-000 | Cash on Deposit | | | 12,500.00 |
| 80-280-500000-000 | REVENUES | | | 12,500.00 |
| Total | | | 25,000.00 | 25,000.00 |
| Adjusting Journal Entries JE # 41 | | | | |
| | | 3204.015 | | |
| 2023 - To implement GASB 96. | | | | |
| 10 E --- 676 28---- | --- SUBSCRIPTION-BASED IT AGREEMENT PRINCIPAL | | 266,262.00 | |
| 10-360-260000-000 | Central Services - Information Technology | | 616,756.00 | |
| R 809 876 500000 000 | --- SUBSCRIPTION-BASED IT AGREEMENT PROCEEDS | | | 616,756.00 |
| 10-480-220000-000 | Instructional Staff Services - Non-Instructional Computer Software | | | 266,262.00 |
| 10 E --- 686 28---- | --- SUBSCRIPTION-BASED IT AGREEMENT INTEREST | | | |
| Total | | | 883,018.00 | 883,018.00 |
| Total Adjusting Journal Entries | | | 1,761,191.00 | 1,761,191.00 |
| Total All Journal Entries | | | 1,761,191.00 | 1,761,191.00 |

APPENDIX B



**WISCONSIN RAPIDS
PUBLIC SCHOOLS**

510 Peach Street ♦ Wisconsin Rapids, WI 54494 ♦ 715-424-6700

November 21, 2023

Hawkins Ash CPAs, LLP
One East Waldo Blvd., Suite 5
Manitowoc, WI 54220-2912

Dear Hawkins Ash CPAs, LLP,

This representation letter is provided in connection with your audit of the Wisconsin Rapids Public Schools as of June 30, 2023, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, and results of operations, of the various opinion units of Wisconsin Rapids Public Schools in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 21, 2023.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 23, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- 2) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 4) We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- 5) We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- 6) We have a process to track the status of audit findings and recommendations.
- 7) We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 8) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 9) All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 10) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 11) We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements.
- 12) We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance

with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (FASB Accounting Standards Codification 450, *Contingencies*), and we have not consulted a lawyer concerning litigation, claims, or assessments.

- 13) All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- 14) All funds and activities are properly classified.
- 15) All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- 16) All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- 17) Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- 18) All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 19) All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- 20) All interfund and intra-entity transactions and balances have been properly classified and reported.
- 21) Special items and extraordinary items have been properly classified and reported.
- 22) Deposit and investment risks have been properly and fully disclosed.
- 23) Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- 24) All required supplementary information is measured and presented within the prescribed guidelines.
- 25) With regard to investments and other instruments reported at fair value:
 - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
 - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
 - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
 - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- 26) With respect to the nonattest services provided, we have performed the following:
 - Made all management decisions and performed all management functions;
 - Assigned a competent individual to oversee the services;
 - Evaluated the adequacy of the services performed;
 - Evaluated and accepted responsibility for the result of the service performed; and
 - Established and maintained internal controls, including monitoring ongoing activities.
- 27) With respect to the supplementary information accompanying the financial statements:
 - We acknowledge our responsibility for the presentation of the supplementary information with U.S. GAAP.
 - We believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe the significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
 - When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the

supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

- We acknowledge our responsibility to include the auditors' report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
 - We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditors' report thereon.
- 28) With respect to the required supplementary information accompanying the financial statements:
- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
 - We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - We believe the significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

Information Provided

- 29) We have provided you with:
- Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report, if applicable, and the planned timing and method of issuance of that annual report;
 - A final version of the annual report, if applicable, (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
- 30) The financial statements and any other information included in the annual report, if applicable, are consistent with one another, and the other information does not contain any material misstatements.
- 31) All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 32) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 33) We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- 34) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
- Management;
 - Employees who have significant roles in internal control; or
 - Others where the fraud could have a material effect on the financial statements.
- 35) We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- 36) We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation, claims, or assessments.
- 37) We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.

- 38) There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- 39) The entity has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- 40) We have disclosed to you all guarantees, whether written or oral, under which the entity is contingently liable.
- 41) We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- 42) For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- 43) We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- 44) We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- 45) There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
 - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- 46) The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- 47) We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 48) We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefit liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 49) We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.

Federal and State Award Programs

- 50) We are responsible for understanding and complying with and have complied with the requirements of Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the Uniform Guidance) and state regulatory audit requirements, including requirements relating to preparation of the schedule of expenditures of federal awards (SEFA) and schedule of state financial assistance (SSFA), or we acknowledge our responsibility for presenting the SEFA and SSFA in accordance with the requirements and we believe the SEFA and SSFA, including its form and content, is fairly presented in accordance with the Uniform Guidance and state regulatory requirements. The methods of measurement or presentation of the SEFA and SSFA have not changed from those used in

the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA and SSFA.

- 51) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and state regulatory requirements and included in the SEFA and SSFA made during the audit period for all awards provided by federal and state agencies in the form of grants, cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- 52) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal and state programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- 53) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.
- 54) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal or state agencies or pass-through entities relevant to federal and state programs and related activities.
- 55) We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- 56) We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement* and state regulatory audit requirements relating to federal and state awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal and state awards.
- 57) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- 58) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- 59) Amounts claimed or used for matching were determined in accordance with relevant guidelines in the Uniform Guidance and state regulatory audit requirements.
- 60) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- 61) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- 62) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- 63) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- 64) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), subsequent to the date as of which compliance was audited.
- 65) Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

- 66) The copies of federal and state program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal and state agency or pass-through entity, as applicable.
- 67) We have charged costs to federal and state awards in accordance with applicable cost principles.
- 68) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and state regulatory audit requirements and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- 69) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- 70) We are responsible for preparing and implementing a corrective action plan for each audit finding.



Director of Business Services



Superintendent