

**SCHOOL DISTRICT OF WAUPACA**

**Annual Financial Report**

*June 30, 2022*

 KerberRose

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# SCHOOL DISTRICT OF WAUPACA

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## Independent Auditors' Report

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

### **Opinions**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 District 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedule of changes in total pension liability and related ratios – supplemental pension, schedule of changes in total OPEB liability and related ratios – other post-employment benefits – single-employer plan, schedules of employer's proportionate share of the net OPEB liability and employer contributions – other post-employment benefits – cost-sharing plan, and schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund on pages 37 through 44 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.

To the Board of Education  
School District of Waupaca

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who consider it to be essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements are not affected by this missing information.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise School District of Waupaca's basic financial statements. The combining nonmajor governmental fund financial statements, combining schedule of internal general and special education fund financial statements, and schedules of charter school authorizer costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by Wisconsin *State Single Audit Guidelines* and the Wisconsin Public School District Audit Manual, issued by the Wisconsin Department of Public Instruction and is also not a required part of the basic financial statements.

The combining nonmajor governmental fund financial statements, combining schedules of internal general and special education funds, schedules of charter school authorizer costs, schedule of expenditures of federal awards and schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental fund financial statements, combining schedules of internal general and special education funds, schedule of charter school authorizer costs, schedule of expenditures of federal awards and 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 December 13, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*KerberRose SC*

**KerberRose SC**  
**Certified Public Accountants**  
**Green Bay, Wisconsin**  
December 13, 2022

## **FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF WAUPACA**  
District-Wide Statement of Net Position  
As of June 30, 2022

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Investments	\$ 11,937,305
Receivables:	
Taxes	3,361,666
Accounts	37,269
Due from State Government	111,067
Due from Federal Government	533,173
Inventory	2,081
<b>Total Current Assets</b>	<b>15,982,561</b>
<b>Noncurrent Assets</b>	
Net Pension Asset	7,184,386
Capital Assets	
Nondepreciable	976,894
Depreciable, net	23,800,875
<b>Total Noncurrent Assets</b>	<b>31,962,155</b>
<b>TOTAL ASSETS</b>	<b>47,944,716</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pension	13,581,505
Deferred Outflows Related to Supplemental Pension Benefits	255,532
Deferred Outflows Related to Other Post-Employment Benefits - Cost Sharing	462,080
Deferred Outflows Related to Other Post-Employment Benefits - Single Employer	181,118
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>14,480,235</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	153,578
Accrued and Other Current Liabilities	2,462,461
Unearned Revenue	30,394
Self-Insurance Deposits Payable	38,233
Dental Claims Payable	221,319
Current Portion of Long-Term Obligations	40,203
<b>Total Current Liabilities</b>	<b>2,946,188</b>
<b>Noncurrent Liabilities</b>	
Noncurrent Portion of Long-Term Obligations	390,486
Supplemental Pension Benefits Liability	1,307,575
Other Post-Employment Benefits - Cost Sharing Liability	1,447,780
Other Post-Employment Benefits - Single Employer	1,151,007
<b>Total Noncurrent Liabilities</b>	<b>4,296,848</b>
<b>TOTAL LIABILITIES</b>	<b>7,243,036</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to Pension	16,940,253
Deferred Inflows Related to Supplemental Pension Benefits	38,226
Deferred Inflows Related to Other Post-Employment Benefits - Cost Sharing	205,343
Deferred Inflows Related to Other Post-Employment Benefits - Single Employer	248,663
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>17,432,485</b>
<b>NET POSITION</b>	
Investment in Capital Assets	24,777,769
Restricted	5,659,919
Unrestricted	7,311,742
<b>TOTAL NET POSITION</b>	<b>\$ 37,749,430</b>

See Accompanying Notes



**SCHOOL DISTRICT OF WAUPACA**

District-Wide Statement of Activities

For the Year Ended June 30, 2022

	Program Revenues			Net (Expense)
	Expenses	Charges For Services	Operating Grants and Contributions	Revenue and Changes in Net
<b>GOVERNMENTAL ACTIVITIES</b>				<b>Governmental Activities</b>
Regular Instruction	\$ 8,749,788	\$ 1,030,628	\$ 2,194,566	\$ (5,524,594)
Vocational Instruction	864,549	-	16,203	(848,346)
Physical Instruction	666,089	-	-	(666,089)
Special Instruction	2,830,275	123,000	2,187,929	(519,346)
Other Instruction	789,239	20,740	270,815	(497,684)
<b>Total Instruction</b>	<b>13,899,940</b>	<b>1,174,368</b>	<b>4,669,513</b>	<b>(8,056,059)</b>
Pupil Services	1,334,830	-	-	(1,334,830)
Instructional Staff Services	1,796,677	-	164,777	(1,631,900)
General Administration Services	1,452,970	-	-	(1,452,970)
School Building Administration Services	998,106	-	-	(998,106)
Business Administration	959,417	-	-	(959,417)
Operations and Maintenance of Plant	3,278,402	-	-	(3,278,402)
Pupil Transportation Services	1,485,966	-	64,218	(1,421,748)
Food Services	1,043,621	105,588	1,337,346	399,313
Central Services	1,296,335	-	-	(1,296,335)
Insurance	223,065	-	-	(223,065)
Other Support Services	209,323	-	188,140	(21,183)
Interest and Fiscal Charges	4,461	-	-	(4,461)
Depreciation - Unallocated	347,110	-	-	(347,110)
<b>Total Support Services</b>	<b>14,430,283</b>	<b>105,588</b>	<b>1,754,481</b>	<b>(12,570,214)</b>
Non-Program Transactions				
Open Enrollment	1,246,345	-	-	(1,246,345)
Non-Open Enrollment	844,903	-	-	(844,903)
<b>Total Non-Program Transactions</b>	<b>2,091,248</b>	<b>-</b>	<b>-</b>	<b>(2,091,248)</b>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>\$ 30,421,471</b>	<b>\$ 1,279,956</b>	<b>\$ 6,423,994</b>	<b>(22,717,521)</b>
<b>GENERAL REVENUES</b>				
Property Taxes				12,587,556
State and Federal Aids not Restricted to Specific Functions:				
Equalization, Exempt Computer Aid and Per Pupil Aid				12,449,098
Interest and Investment Earnings				19,896
Sale of Equipment				118,580
Miscellaneous				428,129
<b>Total General Revenues</b>				<b>25,603,259</b>
<b>CHANGE IN NET POSITION</b>				<b>2,885,738</b>
<b>NET POSITION - BEGINNING OF YEAR</b>				<b>34,863,692</b>
<b>NET POSITION - END OF YEAR</b>				<b>\$ 37,749,430</b>

**SCHOOL DISTRICT OF WAUPACA**

Balance Sheet

Governmental Funds

As of June 30, 2022

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Investments	\$ 10,088,021	\$ 1,849,284	\$ 11,937,305
Receivables:			
Taxes	3,361,666	-	3,361,666
Accounts	31,659	5,610	37,269
Due from State Government	111,067	-	111,067
Due from Federal Government	516,549	16,624	533,173
Inventory	2,081	-	2,081
<b>TOTAL ASSETS</b>	<u>\$ 14,111,043</u>	<u>\$ 1,871,518</u>	<u>\$ 15,982,561</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 153,578	\$ -	\$ 153,578
Accrued Liabilities	2,455,618	6,843	2,462,461
Self-Insurance Deposits Payable	38,233	-	38,233
Dental Claims Payable	221,319	-	221,319
Unearned Revenue	-	30,394	30,394
<b>Total Liabilities</b>	<u>2,868,748</u>	<u>37,237</u>	<u>2,905,985</u>
<b>Fund Balances</b>			
Nonspendable:			
Inventory	2,081	-	2,081
Restricted			
Donor Specified Projects	-	400,459	400,459
Food Service	-	380,519	380,519
Capital Projects	-	1,053,303	1,053,303
Unassigned	11,240,214	-	11,240,214
<b>Total Fund Balances</b>	<u>11,242,295</u>	<u>1,834,281</u>	<u>13,076,576</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 14,111,043</u>	<u>\$ 1,871,518</u>	<u>\$ 15,982,561</u>

**SCHOOL DISTRICT OF WAUPACA**

Reconciliation of the Balance Sheet - Governmental Funds to the District-Wide Statement of Net Position  
As of June 30, 2022

<b>Total Fund Balances - Governmental Funds</b>		\$ 13,076,576
<b><i>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:</i></b>		
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported in the statement of net position:		
Governmental Capital Asset	56,300,887	
Governmental Accumulated Depreciation	<u>(31,523,118)</u>	24,777,769
Net pension asset is not usable in the current period therefore not reported in the fund financial statements.		7,184,386
Some deferred outflows and inflows of resources reflect changes in long-term assets or liabilities and are not reported in the funds.		
Deferred Outflows of Resources Related to Pension - Cost-Sharing Plan	13,581,505	
Deferred Inflows of Resources Related to Pension - Cost-Sharing Plan	(16,940,253)	
Deferred Outflows of Resources Related to Pension - Supplemental Pension Benefits	255,532	
Deferred Inflows of Resources Related to Pension - Supplemental Pension Benefits	(38,226)	
Deferred Outflows of Resources Related to OPEB - Cost-Sharing Plan	462,080	
Deferred Inflows of Resources Related to OPEB - Cost-Sharing Plan	(205,343)	
Deferred Outflows of Resources Related to OPEB - Single-Employer Plan	181,118	
Deferred Inflows of Resources Related to OPEB - Single-Employer Plan	<u>(248,663)</u>	(2,952,250)
Certain liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Liabilities reported in the statement of net position that are not reported in the funds balance sheet:		
Compensated Absences	(430,689)	
Supplemental Pension Liability	(1,307,575)	
Other Post-Employment Benefits - Cost Sharing Liability	(1,447,780)	
Other Post-Employment Benefits - Single Employer Liability	<u>(1,151,007)</u>	(4,337,051)
<b>Total Net Position - Governmental Activities</b>		<u><u>\$ 37,749,430</u></u>

**SCHOOL DISTRICT OF WAUPACA**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2022

	General	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>			
Property Taxes	\$ 12,371,300	\$ 216,256	\$ 12,587,556
Other Local Sources	302,957	565,509	868,466
Interdistrict Sources	1,064,232	-	1,064,232
Intermediate Sources	56,198	-	56,198
State Sources	14,290,122	8,190	14,298,312
Federal Sources	2,627,579	1,329,156	3,956,735
Other Sources	357,128	-	357,128
<b>Total Revenues</b>	<b>31,069,516</b>	<b>2,119,111</b>	<b>33,188,627</b>
<b>EXPENDITURES</b>			
<b>Instruction</b>			
Regular Instruction	9,415,980	282	9,416,262
Vocational Instruction	931,309	-	931,309
Physical Instruction	715,457	-	715,457
Special Instruction	3,063,417	-	3,063,417
Other Instruction	826,310	-	826,310
<b>Total Instruction</b>	<b>14,952,473</b>	<b>282</b>	<b>14,952,755</b>
<b>Support Services</b>			
Pupil Services	1,442,791	1,025	1,443,816
Instructional Staff Services	1,899,615	-	1,899,615
General Administration Services	574,238	-	574,238
School Building Administration Services	1,368,760	388,299	1,757,059
Business Services	897,836	-	897,836
Operations and Maintenance	3,582,717	501,927	4,084,644
Pupil Transportation	1,467,544	-	1,467,544
Food Services	-	1,162,152	1,162,152
Central Services	1,348,218	-	1,348,218
Insurance	223,065	-	223,065
Other Support Services	203,026	-	203,026
Debt Service			
Principal	-	209,958	209,958
Interest and fiscal charges	-	6,298	6,298
<b>Total Support Services</b>	<b>13,007,810</b>	<b>2,269,659</b>	<b>15,277,469</b>
<b>Non-Program Transactions</b>			
General Tuition Payments	1,260,754	-	1,260,754
Non-Program Payments	167,013	-	167,013
Voucher Payments	663,420	-	663,420
Adjustments and Refunds	59	-	59
<b>Total Non-Program Transactions</b>	<b>2,091,246</b>	<b>-</b>	<b>2,091,246</b>
<b>Total Expenditures</b>	<b>30,051,529</b>	<b>2,269,941</b>	<b>32,321,470</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,017,987</b>	<b>(150,830)</b>	<b>867,157</b>
<b>OTHER FINANCING SOURCES (USE)</b>			
Sale of Equipment	500	118,080	118,580
Transfer from Other Fund	-	1,200,000	1,200,000
Transfer to Other Fund	(1,200,000)	-	(1,200,000)
<b>Total Other Financing Sources (Use)</b>	<b>(1,199,500)</b>	<b>1,318,080</b>	<b>118,580</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(181,513)</b>	<b>1,167,250</b>	<b>985,737</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>11,423,808</b>	<b>667,031</b>	<b>12,090,839</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 11,242,295</b>	<b>\$ 1,834,281</b>	<b>\$ 13,076,576</b>

**SCHOOL DISTRICT OF WAUPACA**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -  
 Governmental Funds to the District-Wide Statement of Activities  
 For the Year Ended June 30, 2022

<b>Net change in Fund Balances - Total Governmental Funds</b>		<b>\$ 985,737</b>
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The acquisition of capital assets is 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 expense in the statement of activities.		
Capital outlay reported in governmental fund statements	1,743,469	
Depreciation expense reported in the statement of activities	<u>(1,622,698)</u>	
Amount by which capital outlays are more than depreciation in the current period.		120,771
Amounts related to the pension plan benefits that affect the statement of activities but do not affect the fund financial statements.		
		1,706,170
Amounts related to the other post-employment benefits that affect the statement of activities but do not affect the fund financial statements.		
		(189,729)
Vested 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.		
Compensated absences benefits paid in current year	299,272	
Compensated absences benefits earned in current year	<u>(248,278)</u>	
Amounts paid are more than amounts earned by		50,994
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. The amount of the long-term debt principal payments in the current year is:		
Loans payable		209,958
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.		
The amount of interest paid during the current period	6,298	
The amount of interest accrued during the current period	<u>(4,461)</u>	
Interest paid is more than interest accrued by:		<u>1,837</u>
<b>Change in Net Position - Governmental Activities</b>		<b>\$ <u>2,885,738</u></b>

# SCHOOL DISTRICT OF WAUPACA

Notes to Financial Statements

June 30, 2022

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## **Note 1 - Summary of Significant Accounting Policies**

This summary of significant accounting policies of School District of Waupaca (District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management who is responsible for the integrity and objectivity of the financial statements. The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). These accounting policies conform to GAAP and have been consistently applied in the preparation of the financial statements. The more significant accounting policies established by GAAP and used by the District are discussed below.

### **Nature of Operations**

The School District of Waupaca is organized as a unified school district. The District, governed by a seven-member elected school board, operates grades preschool through 12 and is comprised of eleven taxing districts.

The accompanying financial statements present the activities of School District of Waupaca. The District is not a component unit of another reporting entity nor does it have any component units.

The financial reporting entity consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government.

### **District-Wide Financial 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. 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 (1) charges paid by the recipients for goods or services offered by the programs and (2) 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.

### **Fund Financial Statements**

Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund financial statements of the reporting entity are organized into individual funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures.

# SCHOOL DISTRICT OF WAUPACA

Notes to Financial Statements

June 30, 2022

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## Note 1 - Summary of Significant Accounting Policies (Continued)

### Fund Financial Statements (Continued)

Funds are organized as major funds or non-major funds within the governmental statements. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

### Governmental Funds

Governmental funds are identified as either general, special revenue, capital project or debt service based upon the following guidelines.

#### General Fund

The general fund is the primary operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

#### Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

#### Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

#### Capital Project Funds

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital expenditures.

### Major Fund

The District reports the following major governmental fund:

General Fund - The general fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds.

**SCHOOL DISTRICT OF WAUPACA**  
Notes to Financial Statements  
June 30, 2022

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Fund Financial Statements (Continued)**

**Non-Major Funds**

The District reports the following non-major funds:

Special Revenue Trust Fund - This fund accounts for resources and payments made for gifts given to the District for specific projects, as well as for student fundraising activities.

Debt Service Fund - This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

Capital Expansion Fund - This fund accounts for resources and payments made for capital expenditures related to buildings or sites.

Food Service Fund - This fund accounts for the activities associated with the District's breakfast and lunch programs.

**Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial report.

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

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



# SCHOOL DISTRICT OF WAUPACA

Notes to Financial Statements

June 30, 2022

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## **Note 1 - Summary of Significant Accounting Policies (Continued)**

### **Cash and Investments**

The District's cash is considered to be cash on hand, and demand deposits. Cash balances for individual funds are pooled unless maintained in segregated accounts.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund 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.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

### **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.

### **Property Taxes**

The aggregate District tax levy is apportioned and certified by November 6<sup>th</sup> of the current fiscal year for collection by comprising municipalities based on the immediate past October 1<sup>st</sup> full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or in two or more installments with the first installment payable by the subsequent January 31<sup>th</sup> and a final payment no later than the following July 31<sup>th</sup>. On or before January 15<sup>th</sup>, and by the twentieth of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20<sup>th</sup>, 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 2021 tax levy is used to finance operations of the District's fiscal year ended June 30, 2022. All property taxes are considered due on January 1<sup>st</sup>, 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<sup>th</sup> and are available to pay current liabilities.

### **Inventory**

Inventory is recorded at cost, which approximates market, using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventory of governmental fund types in the fund financial statements is classified as nonspendable fund balance to indicate it does not represent spendable available financial resources.

# SCHOOL DISTRICT OF WAUPACA

Notes to Financial Statements

June 30, 2022

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## Note 1 - Summary of Significant Accounting Policies (Continued)

### Interfund Activity

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefitting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

### Capital Assets

In the district-wide statements, property, plant and equipment are accounted for as capital assets. All capital assets are valued at actual or estimated historical cost if actual cost is unavailable, 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: buildings, improvements, machinery, and equipment are capitalized using a capitalization threshold of \$1,000. All depreciable capital assets are depreciated on a straight-line basis with estimated useful lives for buildings and improvements of 20-50 years and machinery and equipment of 5-20 years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition.

### Compensated Absences

The District's policy allows non-certified employees to earn varying amounts of vacation pay. Upon termination of employment, the employee is entitled to a cash payment of unused vacation pay. Any vacation not taken by August 31 is forfeited. Administrators and teachers are allowed to earn varying amounts of sick pay accumulating to a maximum vested amount. Upon retirement, the employee is entitled to a credit for the amount of unused sick pay, to be used to pay the retiree's group health insurance until the vested amount is exhausted.

In the fund statements, benefits that require payment in the future fiscal years though related to currently received services are recorded as an expenditure in the period or periods in which they are paid or normally payable rather than the period in which they are incurred. The value of vested benefits payable in future fiscal periods are recorded in the district-wide statements.

### Long-Term Debt

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Principal payments decrease the long-term debt liability on the statement of net position and do not affect the statement of activities. Interest is reported as an expense in the statement of activities on the accrual basis.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Principal and interest payments are reported as debt service expenditures.

**SCHOOL DISTRICT OF WAUPACA**  
Notes to Financial Statements  
June 30, 2022

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The District has four deferred outflows of resources reported on the statement of net position. The deferred outflows related to the pension plan are explained in more detail in Note 7. The deferred outflows related to the supplemental pension plan are reported in more detail in Note 7. The deferred outflows related to the single employer OPEB are explained in more detail in Note 8. The deferred outflows related to the OPEB plan are explained in more detail in Note 8.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until then. The District has four deferred inflows of resources reported on the statement of net position. The deferred inflows related to the pension plan are explained in more detail in Note 7. The deferred inflows related to the supplemental pension plan are explained in more detail in Note 7. The deferred inflows related to the single employer OPEB are explained in more detail in Note 8. The deferred inflows related to the OPEB plan are explained in more detail in Note 8.

**Pension and Other Post-Employment Benefits**

***Pensions***

***Wisconsin Retirement System***

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by 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.

***Stipend Pension Plan***

Qualifying teachers and administrators are provided with a stipend pension. The stipend pension is a single employer defined benefit plan administered by the District. For purposes of measuring the stipend pension liability, related deferred outflows and inflows and pension expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

***Other Post-Employment Benefits (OPEB)***

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

***Single-employer Defined Postemployment Benefit Plan***

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the net position of the District's Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

## SCHOOL DISTRICT OF WAUPACA

Notes to Financial Statements

June 30, 2022

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### Note 1 - Summary of Significant Accounting Policies (Continued)

#### Leases

The District adopted GASB Statement No. 87 for the year ended June 30, 2022 which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. There were no material leases that were required to be recorded for the year ended June 30, 2022.

#### Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with available expendable financial resources are recorded during the year as expenditures in the appropriate governmental fund types. If they are not liquidated with available expendable financial resources, a liability is recorded in the statement of net position. The related expenditure is recognized when the liability is liquidated. There were no significant claims or judgments at year-end.

#### Fund Equity Classifications

##### District-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted component of net position – Consist of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted component of net position – Net amount that does not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

##### Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year end; however, the amount can be determined in the subsequent period. The Board of Education is the decision making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

## SCHOOL DISTRICT OF WAUPACA

Notes to Financial Statements

June 30, 2022

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### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### **Fund Equity Classifications (Continued)**

Assigned fund balance in the general fund represents amounts constrained by the Board of Education for a specific intended purpose. The District has not delegated that authority to others. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The District, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

The District has not adopted a minimum fund balance policy.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results may differ from these estimates.

### **Note 2 - Cash and Investments**

The capital expansion fund accounts for their transactions through separate and distinct bank and investment accounts as required by state statutes. All other funds share in common bank and investment accounts.

The District is required to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics.
- Bonds or securities guaranteed by the federal government.
- The Local Government Pooled Investment Fund and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant resolutions of the District.

At June 30, 2022 the bank balance of cash was \$2,920,441. The District maintains its cash accounts at two financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial risk.

**SCHOOL DISTRICT OF WAUPACA**

Notes to Financial Statements

June 30, 2022

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**Note 2 - Cash and Investments (Continued)**

Deposits in each bank are insured by the FDIC in the amount of \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts); and up to \$250,000 for the combined amount of all interest and non-interest bearing demand deposit accounts.

Deposits in credit unions are insured by the National Credit Union Share Insurance Fund (NSUSIF). NCUA's standard maximum share insurance amount is \$250,000.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual governmental entities. This coverage has not been considered in the summary of deposits below.

The following represents a summary of deposits as of June 30, 2022:

Fully Insured Deposits	\$ 570,898
Collateralized with Letter of Credit	2,349,543
Total	<u>\$ 2,920,441</u>

For all deposits shown, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and the carrying value is due to outstanding checks and/or deposits in transit.

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At June 30, 2022, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

Investments in the local government investment pool are not insured against losses arising from principal defaults on securities acquired by the pool. The balance in the local government investment pool at June 30, 2022 was \$9,760,802.

The District's LGIP investments are measured at amortized cost, which approximates fair value. Adjustments necessary to record investments at amortized cost are recorded in the statement of revenues, expenditures and changes in fund balances as increases or decreases in investment income.

**Note 3 - Interfund Transfers**

Interfund transfers between individual funds of the District as reported in the fund financial statements for the year ended June 30, 2022 are detailed below:

Fund Transferred To:	Fund Transferred From:	Amount	Purpose
Capital Project Fund	General Fund	\$ 1,200,000	Operating Transfer to fund Capital Projects

**SCHOOL DISTRICT OF WAUPACA**  
Notes to Financial Statements  
June 30, 2022

**Note 4 - Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets, Nondepreciable:				
Land	\$ 558,095	\$ -	\$ -	\$ 558,095
Construction in Progress	-	418,799	-	418,799
<b>Total Capital Assets, Nondepreciable</b>	<u>558,095</u>	<u>418,799</u>	<u>-</u>	<u>976,894</u>
Capital Assets, Depreciable				
Buildings and Improvements	48,426,648	1,028,157	-	49,454,805
Machinery and Equipment	5,572,675	296,513	-	5,869,188
<b>Total Capital Assets, Depreciable</b>	<u>53,999,323</u>	<u>1,324,670</u>	<u>-</u>	<u>55,323,993</u>
Less Accumulated Depreciation for				
Land Improvements				-
Buildings and Improvements	(25,609,832)	(1,374,725)	-	(26,984,557)
Machinery and Equipment	(4,290,588)	(247,973)	-	(4,538,561)
Total Accumulated Depreciation	<u>(29,900,420)</u>	<u>(1,622,698)</u>	<u>-</u>	<u>(31,523,118)</u>
<b>Total Capital Assets, Depreciable, Net</b>	<u>24,098,903</u>	<u>(298,028)</u>	<u>-</u>	<u>23,800,875</u>
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>				
	<u>\$ 24,656,998</u>	<u>\$ 120,771</u>	<u>\$ -</u>	<u>\$ 24,777,769</u>

Depreciation expense for fiscal year ended June 30, 2022 amounted to \$1,622,698 and was charged to the following functions:

Regular Instruction	\$ 193,999
General Administration	884,344
Operations and Maintenance	69,080
Pupil Transportation	18,422
Food Service	6,053
Business Administration	76,054
Other Support Services	27,636
Unallocated	347,110
<b>Total Depreciation Expense</b>	<u>\$ 1,622,698</u>

**SCHOOL DISTRICT OF WAUPACA**  
Notes to Financial Statements  
June 30, 2022

**Note 5 - Long-Term Obligations**

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
General Obligations					
State Trust Fund Loan	\$ 209,958	\$ -	\$ 209,958	\$ -	\$ -
Compensated Absences	481,683	248,278	299,272	430,689	40,203
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 691,641</u>	<u>\$ 248,278</u>	<u>\$ 509,230</u>	<u>\$ 430,689</u>	<u>\$ 40,203</u>

Total interest paid for the year ended June 30, 2022, was \$6,298 for general obligation debt as reflected in the fund financial statements.

**Legal Margin for Debt**

The 2021 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,856,623,817. The legal debt limit and margin of indebtedness as of June 30, 2022, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Equalized valuation of the District	\$ 1,856,623,817
Statutory limitation percentage	10%
Legal margin for new debt	<u>\$ 185,662,382</u>

Compensated absences are excluded from the above cash flow requirements because repayment schedules have not been determined or are not required.

**Note 6 - Net Position**

Net position of the governmental activities reported on the district-wide statement of net position at June 30, 2022 includes the following:

Net Investment in Capital Assets	
Net Capital Assets	<u>\$ 24,777,769</u>
Restricted for	
Pension Benefits - Cost Sharing Plan	3,825,638
Food Service	380,519
Capital Projects	1,053,303
Donor Intentions	400,459
Total Restricted	<u>5,659,919</u>
Unrestricted	<u>7,311,742</u>
Total District-Wide Net Position	<u>\$ 37,749,430</u>



# SCHOOL DISTRICT OF WAUPACA

Notes to Financial Statements

June 30, 2022

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## Note 7 - Defined Benefit Pension Plans

### 1. 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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

**SCHOOL DISTRICT OF WAUPACA**

Notes to Financial Statements

June 30, 2022

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**Note 7 - Defined Benefit Pension Plans (Continued)**

**1. Wisconsin Retirement System (Continued)**

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2012	(7.0)%	(7)%
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13

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

During the reporting period, the WRS recognized \$1,020,513 in contributions from the employer.

Contribution rates as of June 30, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.50%	6.50%

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

At June 30, 2022, the District reported an asset of \$7,184,386 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.08913427%, which was a decrease of 0.00241267% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized a reduction of pension expense of \$631,565.

**SCHOOL DISTRICT OF WAUPACA**

Notes to Financial Statements

June 30, 2022

**Note 7 - Defined Benefit Pension Plans (Continued)**

**1. Wisconsin Retirement System (Continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between pension plan - projected and actual experiences	\$ 11,606,012	\$ 836,918
Changes in assumptions	1,340,360	-
Net differences between pension plan - projected and actual earnings on pension plan investments	-	16,072,069
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,373	31,266
Employer contributions subsequent to the measurement date	616,760	-
<b>Total</b>	<b>\$ 13,581,505</b>	<b>\$ 16,940,253</b>

The \$616,760 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year ended June 30,</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2023	\$ (343,872)
2024	(1,955,206)
2025	(857,804)
2026	(818,626)
	<b>\$ (3,975,508)</b>

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

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
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:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

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

**SCHOOL DISTRICT OF WAUPACA**

Notes to Financial Statements

June 30, 2022

**Note 7 - Defined Benefit Pension Plans (Continued)**

**1. Wisconsin Retirement System (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. Based on this experience study, actuarial assumptions used to measure the total pension liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The total pension liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

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

**Asset Allocation Targets and Expected Returns<sup>1</sup>  
As of December 31, 2021**

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %<sup>2</sup></u>
Global Equities	52%	6.8%	4.2%
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3.0
Private Equity/Debt	12	9.7	7.0
Total Core Fund <sup>3</sup>	115% *	6.6%	4.0%
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	6.3%	4.1%
International Equities	30	7.2	4.9
Total Variable Fund	100%	6.8%	4.6%

<sup>1</sup>Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.

<sup>2</sup>New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%.

<sup>3</sup>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%.

**SCHOOL DISTRICT OF WAUPACA**  
Notes to Financial Statements  
June 30, 2022

**Note 7 - Defined Benefit Pension Plans (Continued)**

**1. Wisconsin Retirement System (Continued)**

**Single Discount Rate.** A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.** The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase To Discount Rate (7.80%)
<b>District's Proportionate Share of the Net Pension Liability (Asset)</b>	\$ 5,097,831	\$ (7,184,386)	\$ (16,025,297)

**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 is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. The amount due to WRS as of June 30, 2022 is \$389,155 for June payroll.

**2. Supplemental Pension Plan**

**Plan Description.** The School District of Waupaca provides a single employer defined benefit plan to eligible teachers and administrators. There are 198 active and 32 retired employees in the plan. Eligibility is established and amended through collective bargaining with the recognized bargaining agent for teachers. Currently, teachers can retire and receive benefits after the attainment of age 55 and the completion of 10 years of service. Administrators can retire and receive benefits after attainment of age 55 and 10 years of service.

**Teachers.** Eligible retirees will receive monthly cash payments of \$400. These payments will be made for a total of 48 months. Amounts are pro-rated for part-time teachers.

**Administrators.** The District will make monthly contributions of \$977 into a tax sheltered annuity (TSA) on behalf of the eligible retiree. These contributions will be made for a total of 30 months.

**SCHOOL DISTRICT OF WAUPACA**

Notes to Financial Statements

June 30, 2022

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**Note 7 - Defined Benefit Pension Plans (Continued)**

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

**Funding Policy.** Payments under the plan are made on a pay-as-you go basis. There are no invested plan assets accumulated for payment of future benefits. The general fund is used for funding of all stipend/retirement benefits. The employer makes all contributions.

**Benefit Payments.** For the year ended June 30, 2022, the District paid \$166,745 for the supplemental pension as benefits came due.

**Total Pension Liability.** The District recognizes its total pension liability, rather than a net pension liability. In order for the District to recognize a net pension liability, assets must be accumulated in a trust that meets all of the following criteria:

- Contributions from the employer and any non-employer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to Plan members in accordance with the benefit terms
- Plan assets must be legally protected from the creditors of the employer, non-employer contributing entities, the Plan administrator, and Plan members.

No assets are accumulated in a trust that meets all of the above criteria because the District's contributions are not irrevocable. Accordingly, the District's total pension liability is not reduced by any assets accumulated in a trust that meets the criteria and the District must report its total pension liability.

The District's total pension liability was determined by an actuarial valuation as of June 30, 2021 (the measurement date). Changes in the District's total pension liability were as follows:

	<b>Total Pension Liability</b>
Balance at July 1, 2020	<u>\$ 1,372,974</u>
Changes for the year:	
Service cost	77,840
Interest	29,821
Benefit payments	<u>(173,060)</u>
Net changes	<u>(65,399)</u>
Balance at June 30, 2021	<u><u>\$ 1,307,575</u></u>

**SCHOOL DISTRICT OF WAUPACA**

Notes to Financial Statements

June 30, 2022

**Note 7 - Defined Benefit Pension Plans (Continued)**

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

**Actuarial Assumptions.** The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial cost method	Individual entry age normal
Amortization method	Level percentage of salary
Actuarial assumptions:	
Discount rate	2.25%
Inflation	2.00%

**Factors Affecting Trends for Amounts Related to the Pension Liability.** The discount rate was changed to be reflective of a 20-year AA municipal bond rate (2.25%) as of the measurement date of June 30, 2021. All other assumptions and methods remain unchanged from the previous valuation.

**Discount Rate.** A discount rate of 2.25% was used in calculating the District's pension liabilities (based upon all projected payments discounted at a municipal bond rate of 2.25%). The discount rate is based on a 20-Year AA municipal bond rate.

The following presents the District's proportionate share of the pension liability calculated using the discount rate of 2.25 percent, as well as what the District's proportionate share of the pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase To Discount Rate (3.25%)
Total Pension Liability	\$ 1,359,864	\$ 1,307,575	\$ 1,256,020

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

For the year ended June 30, 2022, the District recognized pension expense of \$114,249.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between pension plan - projected and actual experiences	\$ 44,172	\$ 22,323
Changes in assumptions	44,615	15,903
Employer contributions subsequent to the measurement date	166,745	-
<b>Total</b>	<b>\$ 255,532</b>	<b>\$ 38,226</b>

# SCHOOL DISTRICT OF WAUPACA

Notes to Financial Statements

June 30, 2022

## Note 7 - Defined Benefit Pension Plans (Continued)

### 2. Supplemental Pension Plan (Continued)

The \$166,745 reported as deferred outflows related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the plan year ending June 30, 2022, to be reported for the fiscal year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30,	Net Deferred Outflows (Inflows) of Resources
2023	\$ 6,588
2024	6,588
2025	6,588
2026	6,588
2026	6,588
Thereafter	17,621
	<u>\$ 50,561</u>

## Note 8 - Post-Employment Benefits Other Than Pension Benefits

### 1. Single-employer Defined Postemployment Benefit Plan

#### General Information About the Plan

**Plan Description.** The School District of Waupaca operates a single-employer retiree benefit plan that provides post-employment health benefits to eligible employees and their spouses. Benefits and eligibility for teachers and food service workers are established and amended through collective bargaining with the recognized bargaining agent for each group; and include post-employment health coverage. Benefits and eligibility for administrators, secretaries and general support staff are established and amended by the governing body.

**Certified Teaching Staff.** The District also provides post-employment health and dental care benefits to teachers who have reached the age of 55 and served at the District for at least 10 years. Teachers are allowed to continue health insurance coverage until Medicare age. Teachers are required to self-pay the full (100%) of the required medical premiums. The District credits \$40 for each day to a maximum of ninety unused sick days, provided the teacher has accumulated over forty-five unused sick days, towards the teacher's health insurance premiums.

**Administrative Staff.** The District also provides post-employment health and dental care benefits to any degree-holding administrator who has reached the age of 55 and served at the District for at least 10 years. Administrators are allowed to continue health insurance coverage until Medicare age. Administrators are required to self-pay the full (100%) of the required medical premiums. The District credits \$100 for each day to a maximum of hundred fifty unused sick days, provided the retiree has accumulated over sixty unused sick days, towards the retiree's health insurance premiums.

**Benefits Provided.** The Plan provides post-employment health and dental care benefits to eligible teachers and administrators as described in the *Plan Description* section.



**SCHOOL DISTRICT OF WAUPACA**

Notes to Financial Statements

June 30, 2022

**Note 8 - Post-Employment Benefits Other Than Pension Benefits (Continued)**

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

*Employees Covered by the Benefit Terms.* At June 30, 2021, the District's membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	44
Active employees	323
	<u>367</u>

**OPEB Liability**

The District's OPEB liability was measured as of June 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.00%
Discount Rate	2.25%
Healthcare cost trend rates:	6.50% decreasing by 0.50% per year down to 5.00%, then by 0.10% per year down to 5.0%, and level thereafter
Mortality	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvements scale (multiplied by 60%)

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balances at 7/1/20</b>	<u>\$ 1,118,744</u>
<b>Changes for the year:</b>	
Service Cost	83,262
Interest	25,251
Benefit Payments	<u>(76,250)</u>
<b>Net Changes</b>	<u>32,263</u>
<b>Balances at 6/30/21</b>	<u>\$ 1,151,007</u>

**SCHOOL DISTRICT OF WAUPACA**

Notes to Financial Statements

June 30, 2022

**Note 8 - Post-Employment Benefits Other Than Pension Benefits (Continued)**

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

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.** The following presents the District's total OPEB liability calculated using the discount rate of 2.25 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<b>1% Decrease (1.25%)</b>	<b>Current Discount Rate (2.25%)</b>	<b>1% Increase (3.25%)</b>
<b>Total OPEB Liability</b>	\$ 1,223,655	\$ 1,151,007	\$ 1,081,423

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.** The following presents the District's total OPEB liability calculated using the current healthcare cost trend rate of 6.5 percent decreasing to 5.0 percent, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.50 percent decreasing to 6.0 percent) than the current rate:

	<b>1% Decrease (5.50% decreasing to 4.0%)</b>	<b>Healthcare Cost Trend Rates (6.50% decreasing to 5.0%)</b>	<b>1% Increase (7.50% decreasing to 6.0%)</b>
<b>Total OPEB Liability</b>	\$ 1,033,735	\$ 1,151,007	\$ 1,287,629

**OPEB Expense and Deferred Outflows of Resources Related to OPEB**

For the year ended June 30, 2022, the District recognized OPEB expense of \$88,689 related to the single-employer plan.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual experiences	\$ 61,026	\$ 81,611
Changes in assumptions	62,560	167,052
Employer contributions subsequent to the measurement date	57,532	-
<b>Total</b>	<b>\$ 181,118</b>	<b>\$ 248,663</b>

**SCHOOL DISTRICT OF WAUPACA**

Notes to Financial Statements

June 30, 2022

**Note 8 - Post-Employment Benefits Other Than Pension Benefits (Continued)**

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

The \$57,532 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction in the OPEB liability in the plan year ending June 30, 2022, to be reported for the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Net Deferred Outflows (Inflows) of Resources
2023	\$ (19,824)
2024	(19,824)
2025	(19,824)
2026	(19,824)
2027	(19,824)
Thereafter	(25,957)
	\$ (125,077)

**2. Local Retiree Life Insurance Fund**

**General Information About the OPEB Plan**

**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 members.

**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 up life insurance benefits for post-age 64 retired members and pre-65 retirees who pay for their coverage.

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

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

Contribution rates as of June 30, 2022 are:

Coverage Type	Employee
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement Coverage	20% of Member Contribution

# SCHOOL DISTRICT OF WAUPACA

Notes to Financial Statements

June 30, 2022

## Note 8 - Post-Employment Benefits Other Than Pension Benefits (Continued)

### 2. Local Retiree Life Insurance Fund (Continued)

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

**Life Insurance  
Member Contribution Rates \*  
For the Year Ended December 31, 2021**

<u>Attained Age</u>	<u>Basic/Supplemental</u>
Under 30	\$ 0.05
30-34	0.06
35-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

*\* Disabled members under age 70 receive a waiver-of-premium benefit.*

During the reporting period, the LRLIF recognized \$6,102 in contributions from the employer.

### ***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs***

At June 30, 2022, the District reported a liability of \$1,447,780 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.24495600%, which was an increase of 0.00069100% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$164,726.

**SCHOOL DISTRICT OF WAUPACA**

Notes to Financial Statements

June 30, 2022

**Note 8 - Post-Employment Benefits Other Than Pension Benefits (Continued)**

**2. Local Retiree Life Insurance Fund (Continued)**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$ -	\$ 73,647
Changes in assumptions	437,424	70,175
Net differences between projected and actual earnings on plan investments	18,837	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,320	61,521
Employer contributions subsequent to the measurement date	<u>3,499</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 462,080</u></u>	<u><u>\$ 205,343</u></u>

The \$3,499 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ 55,730
2024	53,544
2025	47,149
2026	66,152
2027	30,382
Thereafter	281
	<u><u>\$ 253,238</u></u>

**SCHOOL DISTRICT OF WAUPACA**

Notes to Financial Statements

June 30, 2022

**Note 8 - Post-Employment Benefits Other Than Pension Benefits (Continued)**

**2. Local Retiree Life Insurance Fund (Continued)**

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

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability:	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

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

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

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

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	45%	1.68%
U.S. Long Credit Bonds	Bloomberg U.S. Long Credit	5	1.82
U.S. Mortgages	Bloomberg U.S. MBS	50	1.94
Inflation			2.30
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

# SCHOOL DISTRICT OF WAUPACA

Notes to Financial Statements

June 30, 2022

## Note 8 - Post-Employment Benefits Other Than Pension Benefits (Continued)

### 2. Local Retiree Life Insurance Fund (Continued)

**Single Discount Rate.** A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. 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 payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

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

	<u>1% Decrease to Discount Rate (1.17%)</u>	<u>Current Discount Rate (2.17%)</u>	<u>1% Increase to Discount Rate (3.17%)</u>
<b>District's Proportionate Share of the Net OPEB Liability</b>	\$ 1,964,116	\$ 1,447,780	\$ 1,059,259

**Payables to the OPEB Plan.** As of June 30, 20212, the District had no outstanding payables to the OPEB plan.

### Note 9 - Contingencies and Commitments

The District received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. The District believes such disallowances, if any, would be immaterial.

From time to time the District is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of District management, these issues, and any other proceedings known to exist at June 30, 2022, are not likely to have a material adverse impact on the District's financial position.

The District has contracted for special education services for the 2022 – 2023 school year. The contract amount is approximately \$210,000.

The District has contracted for construction work for a maintenance building for approximately \$802,000. Approximately \$419,000 of the project has been completed as of June 30, 2022 and the remaining amount owed for the contract is approximately \$383,000.

On June 14, 2022, the Board authorized a referendum for \$3.875 million for all school building entryways to be remodeled or renovated for safety and security purposes. During the November 8<sup>th</sup> election this referendum was passed, and the District expects to issue this debt in the Spring of 2023.

# SCHOOL DISTRICT OF WAUPACA

Notes to Financial Statements

June 30, 2022

## Note 10 - Limitation on School District Revenues

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount has been approved by a referendum. This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

## Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and natural disasters. The District insures through commercial insurance companies for all other risks of loss. Settled claims from these risks have not exceeded insurance coverage in the past three fiscal years.

## Note 12 - Dental Self-Insurance

The District established a self-funded dental plan for its employees. The Plan administrator, Delta Dental, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ended June 30. Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. The Plan is accounted for in the general fund of the District.

At June 30, 2022, the District has reported a liability of \$221,319 which represents reported and unreported claims which were incurred on or before June 30, 2022, but were not paid by the District as of that date. The amounts not reported to the District were estimated using data provided by the plan administrator. Changes in the program's claim liability amount for the year ended June 30, 2022 with comparative totals for the prior two years follow:

	<u>Beginning-of- Fiscal Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year- End</u>
2019 - 2020	\$ 294,520	\$ 203,896	\$ 244,708	\$ 253,708
2020 - 2021	253,708	234,300	272,162	215,846
2021 - 2022	215,846	247,445	241,972	221,319



**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF WAUPACA**

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)  
Wisconsin Retirement System (WRS)  
Last 10 Fiscal Years\*

WRS Fiscal Year End Date (Measurement Date)	District's Proportion of the Net Pension Asset/Liability	District's Proportionate Share of the Net Pension (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2021	0.08913427%	\$ (7,184,386)	\$ 15,074,973	47.66%	106.02%
12/31/2020	0.09154694%	(5,715,402)	14,764,997	38.71%	105.26%
12/31/2019	0.09450942%	(3,047,415)	14,705,586	20.72%	102.96%
12/31/2018	0.09702175%	3,451,729	14,550,820	23.72%	96.45%
12/31/2017	0.09849614%	(2,924,467)	14,424,259	20.27%	102.93%
12/31/2016	0.09887827%	814,993	14,379,246	5.67%	99.12%
12/31/2015	0.09986712%	1,622,821	14,059,321	11.54%	98.20%
12/31/2014	0.09981556%	(2,451,743)	13,747,134	17.83%	102.74%

Schedule of Employer Contributions  
Wisconsin Retirement System (WRS)

District Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2022	\$ 1,020,513	\$ 1,020,513	\$ -	\$ 15,470,138	6.60%
6/30/2021	990,017	990,017	-	14,666,901	6.75%
6/30/2020	1,001,933	1,001,933	-	15,014,458	6.67%
6/30/2019	955,586	955,586	-	14,461,325	6.61%
6/30/2018	974,902	974,902	-	14,327,873	6.80%
6/30/2017	980,854	980,854	-	14,404,697	6.81%
6/30/2016	949,034	949,034	-	14,379,986	6.60%
6/30/2015	956,039	956,039	-	13,897,304	6.88%

\*Ten years of information will be accumulated and presented beginning with the Districts fiscal year ended June 30, 2015.

**SCHOOL DISTRICT OF WAUPACA**

Schedule of Changes in the Total Pension Liability and Related Ratios - Supplemental Pension  
Last 10 Fiscal Years\*

	2021	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>						
Service Cost	\$ 77,840	\$ 74,372	\$ 69,377	\$ 70,922	\$ 76,051	\$ 76,051
Interest	29,821	47,731	51,706	46,604	42,291	43,274
Difference Between Expected and Actual Experience	-	(27,283)	-	69,412	-	-
Changes of Assumptions or Other Input	-	29,985	14,399	15,102	(29,153)	-
Benefit Payments	(173,060)	(156,801)	(149,325)	(158,627)	(170,942)	(133,245)
<b>Net Change in Total Pension Liability</b>	<b>(65,399)</b>	<b>(31,996)</b>	<b>(13,843)</b>	<b>43,413</b>	<b>(81,753)</b>	<b>(13,920)</b>
<b>Total Pension Liability - Beginning</b>	<b>1,372,974</b>	<b>1,404,970</b>	<b>1,418,813</b>	<b>1,375,400</b>	<b>1,457,153</b>	<b>1,471,073</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 1,307,575</b>	<b>\$ 1,372,974</b>	<b>\$ 1,404,970</b>	<b>\$ 1,418,813</b>	<b>\$ 1,375,400</b>	<b>\$ 1,457,153</b>
<b>Covered Employee Payroll</b>	<b>\$ 11,728,576</b>	<b>\$ 11,728,576</b>	<b>\$ 10,644,741</b>	<b>\$ 10,644,741</b>	<b>\$ 10,379,869</b>	<b>\$ 10,379,869</b>
<b>Total Pension Liability as Percentage of Covered Employee Payroll</b>	<b>11.15%</b>	<b>11.71%</b>	<b>13.20%</b>	<b>13.33%</b>	<b>13.25%</b>	<b>14.04%</b>

Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

**SCHOOL DISTRICT OF WAUPACA**

Schedule of Changes in Total OPEB Liability and Related Ratios  
Other Post-Employment Benefits - Single-Employer Plan  
Last 10 Measurement Years\*

	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>					
Service Cost	\$ 82,262	\$ 71,612	\$ 66,435	\$ 74,249	\$ 74,249
Interest	25,251	39,031	40,003	42,242	40,493
Differences Between Expected and Actual Experience	-	(102,013)	-	101,710	-
Changes of Assumptions or Other Input	-	62,256	18,222	(278,420)	-
Benefit Payments	(76,250)	(62,990)	(94,686)	(57,376)	(72,209)
<b>Net Change in Total OPEB Liability</b>	<u>31,263</u>	<u>7,896</u>	<u>29,974</u>	<u>(117,595)</u>	<u>42,533</u>
<b>Total OPEB Liability - Beginning</b>	<u>1,118,744</u>	<u>1,110,848</u>	<u>1,080,874</u>	<u>1,198,469</u>	<u>1,155,936</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 1,150,007</u>	<u>\$ 1,118,744</u>	<u>\$ 1,110,848</u>	<u>\$ 1,080,874</u>	<u>\$ 1,198,469</u>
Covered-Employee Payroll	\$ 14,530,101	\$ 14,530,101	\$ 12,998,164	\$ 12,998,164	\$ 8,222,245
Total OPEB Liability as a Percentage of Covered-Employee Payroll	7.91%	7.70%	8.55%	8.32%	14.58%

\*Ten years of data will be accumulated beginning with 2017.

**SCHOOL DISTRICT OF WAUPACA**  
Schedule of Employer's Proportionate Share of the Net OPEB Liability  
Other Post-Employment Benefits - Cost-Sharing Plan  
Last Ten Fiscal Years\*

WRS Fiscal Year End Date (Measurement Date)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Net OPEB Liability
12/31/2021	0.24495600%	\$ 1,447,780	\$ 12,500,000	11.58%	29.57%
12/31/2020	0.24426500%	1,343,634	12,292,000	10.93%	31.36%
12/31/2019	0.24831300%	1,057,365	12,349,000	8.56%	37.58%
12/31/2018	0.27124300%	699,898	12,273,000	5.70%	48.69%
12/31/2017	0.28102500%	845,486	11,817,905	7.15%	44.81%

Schedule of Employer Contributions  
Other Post-Employment Benefits Other Than Pensions - Cost-Sharing Plan  
Last Ten Fiscal Years\*

District Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2022	\$ 6,102	\$ 6,102	\$ -	\$ 13,600,000	0.04%
6/30/2021	4,735	4,735	-	12,245,000	0.04%
6/30/2020	4,870	4,870	-	12,003,000	0.04%
6/30/2019	4,488	4,488	-	12,300,000	0.04%
6/30/2018	5,225	5,225	-	11,817,905	0.04%

\*Ten years of data will be accumulated beginning with 2018.

**SCHOOL DISTRICT OF WAUPACA**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2022

	<b>Original &amp; Final Budgeted Amounts</b>	<b>Actual Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property Taxes	\$ 12,370,685	\$ 12,371,300	\$ 615
Other Local Sources	48,500	302,957	254,457
Interdistrict Sources	799,459	997,430	197,971
Intermediate Sources	1,000	-	(1,000)
State Sources	13,387,030	13,350,806	(36,224)
Federal Sources	1,243,038	1,790,731	547,693
Other Sources	22,100	357,128	335,028
<b>Total Revenues</b>	<u>27,871,812</u>	<u>29,170,352</u>	<u>1,298,540</u>
<b>EXPENDITURES</b>			
<b>Instruction</b>			
Regular Instruction	9,486,152	9,415,980	70,172
Vocational Instruction	944,246	931,309	12,937
Physical Instruction	771,652	715,457	56,195
Other Instruction	681,108	826,310	(145,202)
<b>Total Instruction</b>	<u>11,883,158</u>	<u>11,889,056</u>	<u>(5,898)</u>
<b>Support Services</b>			
Pupil Services	888,582	849,034	39,548
Instructional Staff Services	1,632,263	1,711,702	(79,439)
General Administration Services	502,064	574,238	(72,174)
School Building Administration Services	1,361,275	1,368,760	(7,485)
Business Administration	893,483	897,836	(4,353)
Operations and Maintenance	3,496,603	3,582,165	(85,562)
Pupil Transportation	1,123,388	1,333,963	(210,575)
Central Services	1,074,804	1,348,218	(273,414)
Insurance	226,975	223,065	3,910
Other Support Services	195,028	203,026	(7,998)
<b>Total Support Services</b>	<u>11,394,465</u>	<u>12,092,007</u>	<u>(697,542)</u>
<b>Non-Program Transactions</b>			
General Tuition Payments	1,100,000	1,260,754	(160,754)
Voucher Payments	511,653	663,420	(151,767)
Adjustments and Refunds	-	59	(59)
<b>Total Non-Program Transactions</b>	<u>1,611,653</u>	<u>1,924,233</u>	<u>(312,580)</u>
<b>Total Expenditures</b>	<u>24,889,276</u>	<u>25,905,296</u>	<u>(1,016,020)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>2,982,536</u>	<u>3,265,056</u>	<u>282,520</u>
<b>OTHER FINANCING SOURCE (USE)</b>			
Sale of Equipment	1,000	500	(500)
Transfer to Other Funds	(2,774,830)	(3,447,069)	(672,239)
<b>Total Other Financing Source (Use)</b>	<u>(2,773,830)</u>	<u>(3,446,569)</u>	<u>(672,739)</u>
<b>NET CHANGE IN FUND BALANCE</b>	208,706	(181,513)	(390,219)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	11,423,808	11,423,808	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 11,632,514</u>	<u>\$ 11,242,295</u>	<u>\$ (390,219)</u>

See Accompanying Notes to Required Supplementary Information

**SCHOOL DISTRICT OF WAUPACA**  
Notes to Required Supplementary Information  
June 30, 2022

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**Budgets and Budgetary Accounting**

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes 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 two-digit subfunction level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

The District follows these procedures in establishing the budgetary data:

- a. Based upon requests from district staff, district administration recommends budget proposals to the Board of Education.
- b. The Board of Education reviews the proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- c. Pursuant to a public budget hearing, the Board of Education may make alterations to the proposed budget.
- d. Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations, unless authorized by a 2/3 vote of the entire Board of Education.
- e. Appropriations lapse at year-end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance.

**Basis of Accounting**

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the financial statements.

There is a perspective difference between the budget and reporting under generally accepted accounting principles (GAAP). For budgetary purposes the special education fund was budgeted separate from the general fund, but for GAAP the two are combined. There is a reconciliation to the statement of revenues, expenditures and changes in fund balances provided as part of the notes to the required supplementary information.

**Excess of Actual Expenditures Over Budget in Individual Funds**

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2022:

Individual Function	Excess Expenditures
Other Instruction	\$ 145,202
Instructional Staff Services	79,439
General Administration Services	72,174
School Building Administration Services	7,485
Business Administration	4,353
Operations and Maintenance	85,562
Pupil Transportation	210,575
Central Services	273,414
Other Support Services	7,998
General Tuition Payments	160,754
Voucher Payments	151,767
Adjustments and Refunds	59

**SCHOOL DISTRICT OF WAUPACA**  
Notes to Required Supplementary Information - Continued  
For the Year Ended June 30, 2022

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**Budget-to-Actual Reconciliation**

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	<b>General Fund</b>
<b>Sources/Inflows of Resources:</b>	
Actual Amounts (Budgetary Basis) "Total Revenues and Other Financing Source" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 29,170,852
<b>Differences – Budget to GAAP:</b>	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	1,899,164
Total Revenues and Other Financing Source as Reported on the Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Funds	\$ 31,070,016
<b>Uses/Outflows of Resources:</b>	
Actual Amounts (Budgetary Basis) "Total Expenditures and Other Financing Uses" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 29,352,365
<b>Differences – Budget to GAAP:</b>	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	4,146,233
The Transfer to the Special Education Fund is Eliminated because it is Considered to be Part of the General Fund.	(2,247,069)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$ 31,251,529



**SCHOOL DISTRICT OF WAUPACA**  
Notes to Required Supplementary Information - Continued  
June 30, 2022

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**Defined Benefit Pension Plans**

**Wisconsin Retirement Plan**

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

*Changes of assumptions.*

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

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% 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.

**Single Employer Plan**

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in the pension stipend plan.

*Changes of assumptions.* There were no changes in assumptions.

**Post-Employment Benefits Other Than Pension Benefits**

**Local Retiree Life Insurance Fund**

*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.

**Single Employer Plan**

*Changes of benefit terms.* There were no changes of benefit terms for any participating employer in OPEB Plan.

*Changes of assumptions.* There were no changes in assumptions.

## **SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF WAUPACA**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 As of June 30, 2022

	<b>Special Revenue Trust</b>	<b>Capital Expansion</b>	<b>Food Service</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and Investments	\$ 394,921	\$ 1,053,303	\$ 401,060	\$ 1,849,284
Receivables:				
Accounts	5,538	-	72	5,610
Due from Federal Government	-	-	16,624	16,624
<b>Total Assets</b>	<b>\$ 400,459</b>	<b>\$ 1,053,303</b>	<b>\$ 417,756</b>	<b>\$ 1,871,518</b>
<b>LIABILITIES</b>				
Accrued Liabilities	\$ -	\$ -	\$ 6,843	\$ 6,843
Unearned Revenue	-	-	30,394	30,394
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>37,237</b>	<b>37,237</b>
<b>FUND BALANCES</b>				
Restricted	400,459	1,053,303	380,519	1,834,281
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 400,459</b>	<b>\$ 1,053,303</b>	<b>\$ 417,756</b>	<b>\$ 1,871,518</b>

**SCHOOL DISTRICT OF WAUPACA**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2022

	Special Revenue Trust	Debt Service	Capital Projects	Food Service	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ -	\$ 216,256	\$ -	\$ -	\$ 216,256
Other Local Sources	458,955	-	190	106,364	565,509
State Sources	-	-	-	8,190	8,190
Federal Sources	-	-	-	1,329,156	1,329,156
<b>Total Revenues</b>	<b>458,955</b>	<b>216,256</b>	<b>190</b>	<b>1,443,710</b>	<b>2,119,111</b>
<b>EXPENDITURES</b>					
<b>Instruction:</b>					
General Instruction	282	-	-	-	282
<b>Support Services:</b>					
Pupil Services	1,025	-	-	-	1,025
School Building Administration Services	388,299	-	-	-	388,299
Operations and Maintenance	-	-	501,927	-	501,927
Food Services	-	-	-	1,162,152	1,162,152
Debt Service	-	209,958	-	-	209,958
Principal	-	6,298	-	-	6,298
Interest and Fiscal Charges	-	-	-	-	-
<b>Total Support Services</b>	<b>389,324</b>	<b>216,256</b>	<b>501,927</b>	<b>1,162,152</b>	<b>2,269,659</b>
<b>Total Expenditures</b>	<b>389,606</b>	<b>216,256</b>	<b>501,927</b>	<b>1,162,152</b>	<b>2,269,941</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>69,349</b>	<b>-</b>	<b>(501,737)</b>	<b>281,558</b>	<b>(150,830)</b>
<b>OTHER FINANCING SOURCES</b>					
Sale of Equipment	-	-	118,080	-	118,080
Transfer from Other Fund	-	-	1,200,000	-	1,200,000
<b>Total Other Financing Sources</b>	<b>-</b>	<b>-</b>	<b>1,318,080</b>	<b>-</b>	<b>1,318,080</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>69,349</b>	<b>-</b>	<b>816,343</b>	<b>281,558</b>	<b>1,167,250</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>331,110</b>	<b>-</b>	<b>236,960</b>	<b>98,961</b>	<b>667,031</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 400,459</b>	<b>\$ -</b>	<b>\$ 1,053,303</b>	<b>\$ 380,519</b>	<b>\$ 1,834,281</b>

**SCHOOL DISTRICT OF WAUPACA**

Combining Schedule of Internal General and Special Education Funds - Balance Sheet  
As of June 30, 2022

	<u>General</u>	<u>Special Education</u>	<u>Total General Fund</u>
<b>ASSETS</b>			
Cash and Investments	\$ 9,713,294	\$ 374,727	\$ 10,088,021
Receivables:			
Taxes	3,361,666	-	3,361,666
Accounts	31,659	-	31,659
Due from State Government	111,067	-	111,067
Due from Federal Government	480,506	36,043	516,549
Inventory	2,081	-	2,081
<b>TOTAL ASSETS</b>	<u>\$ 13,700,273</u>	<u>\$ 410,770</u>	<u>\$ 14,111,043</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	\$ 153,328	\$ 250	\$ 153,578
Accrued Liabilities	2,051,484	404,134	2,455,618
Self-Insurance Deposits Payable	31,847	6,386	38,233
Health Benefit Claims Payable	221,319	-	221,319
<b>Total Liabilities</b>	<u>2,457,978</u>	<u>410,770</u>	<u>2,868,748</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventory	2,081	-	2,081
Unassigned	11,240,214	-	11,240,214
<b>Total Fund Balances</b>	<u>11,242,295</u>	<u>-</u>	<u>11,242,295</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 13,700,273</u>	<u>\$ 410,770</u>	<u>\$ 14,111,043</u>

**SCHOOL DISTRICT OF WAUPACA**  
Combining Schedule of Internal General and Special Education Funds -  
Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2022

	General	Special Education	Total General Fund
<b>REVENUES</b>			
Property Taxes	\$ 12,371,300	\$ -	\$ 12,371,300
Other Local Sources	302,957	-	302,957
Interdistrict Sources	997,430	66,802	1,064,232
Intermediate Sources	-	56,198	56,198
State Sources	13,350,806	939,316	14,290,122
Federal Sources	1,790,731	836,848	2,627,579
Other Sources	357,128	-	357,128
<b>Total Revenues</b>	<u>29,170,352</u>	<u>1,899,164</u>	<u>31,069,516</u>
<b>EXPENDITURES</b>			
<b>Instruction</b>			
Regular Instruction	9,415,980	-	9,415,980
Vocational Instruction	931,309	-	931,309
Physical Instruction	715,457	-	715,457
Special Instruction	-	3,063,417	3,063,417
Other Instruction	826,310	-	826,310
<b>Total Instruction</b>	<u>11,889,056</u>	<u>3,063,417</u>	<u>14,952,473</u>
<b>Support Services</b>			
Pupil Services	849,034	593,757	1,442,791
Instructional Staff Services	1,711,702	187,913	1,899,615
General Administration Services	574,238	-	574,238
School Building Administration Services	1,368,760	-	1,368,760
Business Services	897,836	-	897,836
Operations and Maintenance	3,582,165	552	3,582,717
Pupil Transportation	1,333,963	133,581	1,467,544
Central Services	1,348,218	-	1,348,218
Insurance	223,065	-	223,065
Other Support Services	203,026	-	203,026
<b>Total Support Services</b>	<u>12,092,007</u>	<u>915,803</u>	<u>13,007,810</u>
<b>Non-Program Transactions</b>			
General Tuition Payments	1,260,754	-	1,260,754
Non-Program Payments	-	167,013	167,013
Voucher Payments	663,420	-	663,420
Adjustments and Refunds	59	-	59
<b>Total Non-Program Transactions</b>	<u>1,924,233</u>	<u>167,013</u>	<u>2,091,246</u>
<b>Total Expenditures</b>	<u>25,905,296</u>	<u>4,146,233</u>	<u>30,051,529</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,265,056</u>	<u>(2,247,069)</u>	<u>1,017,987</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Equipment	500	-	500
Transfer from Other Funds	-	2,247,069	2,247,069
Transfer to Other Funds	(3,447,069)	-	(3,447,069)
<b>Total Other Financing Sources (Uses)</b>	<u>(3,446,569)</u>	<u>2,247,069</u>	<u>(1,199,500)</u>
<b>NET CHANGES IN FUND BALANCES</b>	(181,513)	-	(181,513)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>11,423,808</u>	<u>-</u>	<u>11,423,808</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 11,242,295</u>	<u>\$ -</u>	<u>\$ 11,242,295</u>

**SCHOOL DISTRICT OF WAUPACA**  
Schedule of Charter School Authorizer Operating Costs  
For the Year Ended June 30, 2022

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<u>Operating Activity</u>	<u>WUFAR Object Code</u>	<u>Cost</u>
Employee Salaries	100	\$ 685
Employee Benefits	200	52
Purchased Services	300	8,051
<b>Total</b>		<u>\$ 8,788</u>

**SCHOOL DISTRICT OF WAUPACA**  
Schedule of Charter School Authorizer Services and Costs  
For the Year Ended June 30, 2022

<u>Operating Activity</u>	<u>WUFAR Function Code</u>	<u>Cost</u>
Regular Curriculum	120000	\$ 697,321
Special Education	150000	76,892
Health Services	214000	31,280
Psychological Services	215000	11,360
Curriculum Development	221200	106,790
Support Staff	229000	78,071
General Administration	230000	18,067
Building Administration	240000	121,902
Business Services	251000	26,550
General Operations	253000	99,093
Pupil Transportation	256000	93,700
Technology	266000	60,466
Regular Curriculum	110000	101,510
Guidance	213000	14,272
Library	222000	12,834
Custodial/Maintenance	254000	33,653
Utilities	253000	36,724
Food Service	257000	97,109
Central Information Services	263000	4,208
Social Worker	212000	12,931
Extra Curricular	160000	1,233
Physical Education	143000	16,554
Instructional Staff Training	221300	915
<b>Total</b>		<b>\$ 1,753,435</b>



## **ADDITIONAL REPORTS**



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

To the Board of Education  
School District of Waupaca  
Waupaca, 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 School District of Waupaca (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 13, 2022.

**Report on Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

To the Board of Education  
School District of Waupaca

### **Report on Compliance and Other Matters**

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

### **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of This Report**

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

*KerberRose SC*

**KerberRose SC**  
**Certified Public Accountants**  
**Green Bay, Wisconsin**  
December 13, 2022



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

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

**Report on Compliance for Each Major Federal and State Program**

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

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

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

***Basis for Opinion on Each Major Federal and State Program***

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

We are required to be independent of the District 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 the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal and state programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin Department of Public Instruction Audit Manual* 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 the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin Department of Public Instruction Audit Manual*, 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin Department of Public Instruction Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

To the Board of Education  
School District of Waupaca

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, *State Single Audit Guidelines* and the *Wisconsin Department of Public Instruction Audit Manual*. Accordingly, this report is not suitable for any other purpose.

*KerberRose SC*

**KerberRose SC**  
**Certified Public Accountants**  
**Green Bay, Wisconsin**  
December 13, 2022

**FEDERAL AND STATE AWARDS SECTION**

**SCHOOL DISTRICT OF WAUPAGA**  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2022

Grantor Agency/Federal Program Title	ALN	Pass-Through Agency	Pass-Through Number	(Accrued) Deferred Revenue 7/1/2021	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2022	Total Expenditures	Subrecipient Payments
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
<i>CHILD NUTRITION CLUSTER</i>								
School Breakfast Program	10.553	WI DPI	2022-686195-DPI-SB-546	\$ -	\$ 169,932	\$ -	\$ 169,932	\$ -
National School Lunch Program	10.555	WI DPI	2021-686195-DPI-NSL-547	-	-	-	-	-
National School Lunch Program	10.555	WI DPI	2022-686195-DPI-NSL-547	-	1,007,163	-	1,007,163	-
Donated Commodities	10.555	WI DPI	2022-686195-DPI-NSL-547	-	99,089	-	99,089	-
<i>Total National School Lunch Program</i>				-	1,106,252	-	1,106,252	-
Summer Food Service Program - COVID-19	10.559	WI DPI	2021-686195-DPI-SFSP-566	(50,900)	50,900	-	-	-
Summer Food Service Program - COVID-19	10.559	WI DPI	2022-686195-DPI-SFSP-566	-	36,348	16,624	52,972	-
<i>Total Summer Food Service Program</i>				(50,900)	87,248	16,624	52,972	-
<b>Total U.S. Department of Agriculture and Child Nutrition Cluster</b>				(50,900)	1,363,432	16,624	1,329,156	-
<b>U.S. DEPARTMENT OF EDUCATION</b>								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2021-686195-TIA-141	(112,984)	112,984	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-686195-TIA-141	-	222,499	117,102	339,601	-
Title I Delinquent and Neglected	84.010	WI DPI	2021-686195-DPI-T1D N&D-144	(5,499)	5,499	-	-	-
<i>Total Title I Grants to Local Educational Agencies</i>				(118,483)	340,982	117,102	339,601	-
<b>SPECIAL EDUCATION CLUSTER</b>								
Special Education Grants to States	84.027	WI DPI	2022-686195-IDEA-FT-341	-	556,740	-	556,740	-
Special Education Preschool Grants	84.173	WI DPI	2022-686195-IDEA-PS-347	-	35,146	-	35,146	-
<i>Total Special Education Cluster</i>				-	591,886	-	591,886	-
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2022-686195-CTE-400	-	16,203	-	16,203	-
Improving Teacher Quality State Grants	84.367	WI DPI	2022-686195-TIA-365	-	54,401	-	54,401	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2022-686195-TIVA - DPI-381	-	10,014	-	10,014	-
ARPA Homeless Children and Youth I	84.425W	WI DPI	2022-686195-DPI-ARPHCYI-168	-	30,000	-	30,000	-
ARPA Homeless Children and Youth II	84.425W	WI DPI	2022-686195-DPI-ARPHCYII-173	-	-	3,284	3,284	-
Elementary and Secondary School Emergency Relief - COVID-19	84.425D	WI DPI	2022-686195-DPI-ESSERF-160	-	5,511	-	5,511	-
Elementary and Secondary School Emergency Relief III- COVID-19	84.425D	WI DPI	2022-686195-DPI-ESSERF-163	-	559,830	-	559,830	-
Elementary and Secondary School Emergency Relief II - COVID-19	84.425U	WI DPI	2022-686195-DPI-ESSERF-165	-	-	360,111	360,111	-
<b>Total U.S. Department of Education</b>				(118,483)	1,608,827	480,507	1,970,851	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS	Not Available	(3,534)	3,534	-	-	-
Medical Assistance Program	93.778	WI DHS	Not Available	-	311,807	36,042	347,849	-
<b>Total U.S. Department of Health and Human Services and Medicaid Cluster</b>				(3,534)	315,341	36,042	347,849	-
<b>TOTAL FEDERAL ASSISTANCE</b>				\$ (172,917)	\$ 3,287,600	\$ 533,173	\$ 3,647,856	\$ -

Reconciliation to the basic financial statements:  
 Governmental Funds  
 Federal Sources \$ 3,956,735  
 Nonrefundable Reimbursements (308,879)  
 Total expenditures of federal awards \$ 3,647,856



**SCHOOL DISTRICT OF WAUPACA**

Schedule of State Financial Assistance  
For the Year Ended June 30, 2022

Awarding Agency/ Awarding Description/ Pass-Through Agency	State ID. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/2021	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2022	Total Expenditures	Subrecipient Payments
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>								
Special Education and School Age Parents	255.101	Direct Program	686195-100	\$ -	\$ 939,316	-	\$ 939,316	\$ -
Special Education and School Age Parents	255.101	CESA	686195-100	-	56,198	-	56,198	-
Common School Fund Library Aid	255.103	Direct Program	686195-104	-	100,362	-	100,362	-
General Transportation Aid	255.107	Direct Program	686195-102	-	64,218	-	64,218	-
WI School Day Milk Program	255.115	Direct Program	686195-109	-	8,190	-	8,190	-
Equalization Aids	255.201	Direct Program	686195-116	(168,558)	10,979,698	-	10,811,140	-
School Based Mental Health Services	255.297	Direct Program	686195-177	-	32,778	13,053	45,831	-
WI Grants to Support Gifted and Talented	255.350	Direct Program	686195-139	-	-	30,688	30,688	-
Early College Credit Program	255.445	Direct Program	686195-178	-	585	859	1,444	-
SAGE (Student Achievement Guarantee Education)	255.504	Direct Program	686195-160	-	627,922	-	627,922	-
Educator Effective Evaluation System	255.940	Direct Program	686195-154	-	14,960	-	14,960	-
Per Pupil Aid	255.945	Direct Program	686195-113	-	1,508,486	-	1,508,486	-
High Cost Transportation Aid	255.947	Direct Program	686195-114	-	12,936	-	12,936	-
Assessments of Reading Readiness	255.956	Direct Program	686195-166	-	3,352	-	3,352	-
Robotics Lead Participation Grants	255.959	Direct Program	686195-167	-	3,300	-	3,300	-
<b>Total Wisconsin Department of Public Instruction</b>				<b>\$ (168,558)</b>	<b>\$ 14,352,301</b>	<b>\$ 44,600</b>	<b>\$ 14,228,343</b>	<b>\$ -</b>

Reconciliation to the basic financial statements:

Governmental Funds	
State sources	\$ 14,298,312
Intermediate sources	56,198
Less: State sources not considered state financial assistance	(86,915)
State tax exempt aid	(28,177)
Social Worker Aid	(11,079)
Payment in lieu of taxes and other revenues	
Total expenditures of state awards	\$ 14,228,343

## SCHOOL DISTRICT OF WAUPACA

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended June 30, 2022

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### **Note 1 - Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the School District of Waupaca under programs of the federal and state governments for the year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Wisconsin Public School District Audit Manual*. Because the schedules present only a select portion of operations of the District, they are not intended to, and do not, present the financial position and change in net position of the District.

### **Note 2 - Summary of Significant Accounting Policies**

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

School District of Waupaca has not elected to use the 10 percent *de minimis* indirect cost rate as allowable under the Uniform Guidance.

### **Note 3 - Special Education and School Age Parents Program**

2022–2023 eligible costs under the State Special Education Program are \$3,324,322.

### **Note 4 - Oversight Agencies**

The District's federal oversight agency is the U.S. Department of Education. The District's state cognizant agency is the Wisconsin Department of Public Instruction.

**SCHOOL DISTRICT OF WAUPACA**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021

**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	None Reported
Noncompliance material to the financial statements?	No

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	No

Identification of major federal programs:

ALN Number	Name of Federal Program
84.425D	<i>Education Stabilization Funds</i>
84.425U	Elementary and Secondary School Emergency Relief
84.425W	ARPA – General Education
	ARPA – Homeless Children and Youth – Part 1
84.010	Grants to Local Educational Agencies
93.778	<i>Medicaid Cluster</i>
	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000
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Auditee qualified as a low-risk auditee?	No
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**State Awards**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None Reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> or the Wisconsin Department of Public Instruction Audit Manual?	No

Identification of major state programs:

State I.D. Number	Name of State Program
255.201	General Equalization
255.101	Special Education and School Age Parents
255.107	General Transportation

**SCHOOL DISTRICT OF WAUPACA**  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2022

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**Section II - Financial Statement Findings**

**2022-001 - Financial Reporting**

<b>Prior Year Audit Finding</b>	2021-001
<b>Criteria</b>	Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, and disclosures in the financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
<b>Condition</b>	During our audit, we noted that the internal control system does not include a process for preparing the annual audited financial statements and the related disclosures in accordance with GAAP.
<b>Cause</b>	Management does not have the expertise to prepare the audited financial statements, including the related footnote disclosures. Management requested KerberRose to assist with the preparation of the draft financial statements, including the related footnote disclosures.
<b>Effect</b>	Although the auditors are assisting with the preparation of the financial statements and related footnotes, management of the District thoroughly reviews them and accepts responsibility for their completeness and accuracy.
<b>Recommendation</b>	We recommend that management continues to make this decision on a cost/benefit basis.
<b>Management's Response</b>	Due to limited staffing the District will continue to contract with an outside audit firm to complete the statements and related notes to comply with GAAP. Management does review and approve the financial statements and management accepts responsibility for the financial statements.
<b>Responsible Official</b>	Carl Hayek, Business Manager
<b>Anticipated Completion Date</b>	This finding will not completely resolve itself given the cost/benefit basis the District continues to make.

**SCHOOL DISTRICT OF WAUPACA**  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2022

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**Section II - Financial Statement Findings (Continued)**

**2022-002 - Preparation of Schedule of Federal Expenditures and State Financial Assistance**

<b>Prior Year Audit Finding</b>	2021-002
<b>Criteria</b>	Having staff with expertise in federal and state financial reporting prepare the District's single audit reports is an internal control intended to prevent, detect and correct a potential misstatement in the schedules of expenditures of federal and state awards, or accompanying notes to the schedule.
<b>Condition</b>	The Uniform Guidance and the State Single Audit Guidelines require the District to prepare appropriate financial statements, including the schedules of federal and state awards. While the current staff of the District maintain records supporting amounts reported in the schedules of federal and state awards, the District contracts with KerberRose SC to compile the data from these records and assist in the preparation of the single audit report for the District.
<b>Cause</b>	The additional costs associated with hiring staff sufficiently experienced to prepare the District's single audit report, including the additional training time, outweigh the derived benefits.
<b>Effect</b>	Although the auditors are assisting with the preparation of the schedules of federal and state awards, management of the District thoroughly reviews the schedules and accepts responsibility for the schedules' completeness and accuracy.
<b>Recommendation</b>	We recommend management and the District Board continue to monitor the transactions and the financial recorded of the District. We recommend the District perform risk assessment of its operations and current procedures to identify and implement mitigating controls to reduce the risk of errors and international fraud.
<b>Management's Response</b>	The District is aware of the requirement and will attempt to compile the information necessary in the future.
<b>Responsible Official</b>	Carl Hayek, Business Manager
<b>Anticipated Completion Date</b>	This finding will not completely resolve itself given the cost/benefit basis the District continues to make.

**SCHOOL DISTRICT OF WAUPACA**  
Schedule of Findings and Questioned Costs (Continued)  
For the Year Ended June 30, 2022

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**Section II - Financial Statement Findings (Continued)**

**2022-003 - Material Account Adjustments**

<b>Prior Year Audit Finding</b>	2021-003
<b>Criteria</b>	Management is responsible for maintaining internal controls and maintaining its accounting records in accordance with U.S. Generally Accepted Accounting Principles (GAAP).
<b>Condition</b>	Throughout the course of performing the audit, certain adjustments were identified and proposed. Management has approved and posted these material adjustments to present fair and accurate financial statements.
<b>Cause</b>	Internal controls did not detect certain adjustments necessary to properly record year-end balances.
<b>Effect</b>	The initial trial balances were misstated.
<b>Recommendation</b>	We recommend that management take steps to ensure that all year-end adjustments are identified and posted for financial reporting purposes.
<b>Management's Response</b>	The District is aware of the reasons for the material account adjustments and has continued to take action to implement procedures for the preparation of year-end adjustments.
<b>Responsible Official</b>	Carl Hayek, Business Manager
<b>Anticipated Completion Date</b>	This finding will not completely resolve itself given the cost/benefit basis the District continues to make.

**Section III - Federal Award Findings**

There were no findings for federal awards.

**Section IV - State Award Findings**

There were no findings for state awards.

**SCHOOL DISTRICT OF WAUPACA**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2022

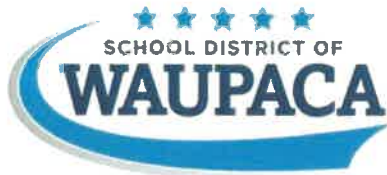
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**Financial Statement Findings**

**2021-001 - Financial Reporting** - See corrective action plan finding 2022-001.

**2021-002 - Preparation of Schedule of Federal Expenditures and State Financial Assistance** - See corrective action plan finding 2022-002.

**2021-003 - Material Account Adjustments** - See the corrective action plan finding 2022-003 related to material account adjustments.



*Respectful, Responsible, Safe & Prepared*

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## Corrective Action Plan

### **Financial Statement Findings**

**2022-001 - Financial Reporting** - The District is aware that their staff does not have a process to prepare financial statements and related notes in accordance with GAAP. The District will rely on the assistance of the auditors for preparation of the financial statements and related notes.

**Responsible Official** - Carl Hayek, Business Manager

**Anticipated Completion Date** - This finding will not completely resolve itself given the cost/benefit basis the District continues to make.

**2022-002 - Preparation of Schedules of Federal Expenditures and State Financial Assistance** - The District agrees with this finding and will work to alleviate this issue.

**Responsible Official** - Carl Hayek, Business Manager

**Anticipated Completion Date** - This finding will not completely resolve itself given the cost/benefit basis the District continues to make.

**2022-003 - Material Account Adjustments** - The District is aware of the reasons for the material account adjustments and has already taken action to implement procedures for the preparation of year-end adjustments.

**Responsible Official** - Carl Hayek, Business Manager

**Anticipated Completion Date** - This finding will not completely resolve itself given the cost/benefit basis the District continues to make.