

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF  
ARBOR VITAE AND WOODRUFF**

**Annual Financial Report**

*June 30, 2023*

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

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## **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Joint School District No. 1 - Towns of Arbor Vitae and Woodruff  
Arbor Vitae, Wisconsin

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Joint School District No. 1 - Towns of Arbor Vitae and Woodruff (District) as of and for the year ended June 30, 2023, 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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

To the Board of Education  
Joint School District No. 1 - Towns of Arbor Vitae and Woodruff

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 the net pension liability (asset) and employer contributions – Wisconsin Retirement System (WRS), schedule of changes in net OPEB liability, fiduciary net position 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 other than pensions – Local Retiree Life Insurance Fund (LRLIF), and schedule of revenues, expenditures and change in fund balance – budget and actual – general fund as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

To the Board of Education  
Joint School District No. 1 - Towns of Arbor Vitae and Woodruff

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds, combining schedule of internal general and special education funds – balance sheet, combining schedule of internal general and special education funds – revenues, expenditures and changes in fund balances, schedule of expenditures of federal awards and schedule of state financial assistance, 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, Wisconsin State Single Audit Guidelines and the Wisconsin School District Audit Manual*, issued by the Wisconsin Department of Public Instruction are presented for purposes of additional analysis and are not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds, combining schedule of internal general and special education funds – balance sheet, combining schedule of internal general and special education funds – revenues, expenditures and changes in fund balances, 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 November 17, 2023 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**  
November 17, 2023

## **FINANCIAL STATEMENTS**



**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

District-Wide Statement of Net Position

As of June 30, 2023

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Investments	\$ 5,522,566
Receivables:	
Taxes	1,390,073
Accounts	55,193
Due from Other Governments	191,741
Prepaid Items	75,733
<b>Total Current Assets</b>	<b>7,235,306</b>
<b>Noncurrent Assets</b>	
Capital Assets	
Nondepreciable	57,497
Depreciable, net	6,165,798
<b>Total Noncurrent Assets</b>	<b>6,223,295</b>
<b>TOTAL ASSETS</b>	<b>13,458,601</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pension	4,470,590
Deferred Outflows Related to Other Post-Employment Benefits - Cost Sharing	104,009
Deferred Outflows Related to Other Post-Employment Benefits - Single Employer	73,897
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,648,496</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	49,530
Accrued Liabilities	752,882
Due to Other Governments	68,534
Compensated Absences	6,164
Unearned Revenue	9,253
<b>Total Current Liabilities</b>	<b>886,363</b>
<b>Noncurrent Liabilities</b>	
Compensated Absences	24,657
Net Pension Liability	1,228,689
Net OPEB Liability - LRLIF	241,455
Net OPEB Liability - Single-Employer Plan	269,033
<b>Total Noncurrent Liabilities</b>	<b>1,763,834</b>
<b>TOTAL LIABILITIES</b>	<b>2,650,197</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to Pension	2,574,900
Deferred Inflows Related to Other Post-Employment Benefits - Cost Sharing	173,562
Deferred Inflows Related to Other Post-Employment Benefits - Single Employer	85,798
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,834,260</b>
<b>NET POSITION</b>	
Investment in Capital Assets	6,223,295
Restricted	1,491,233
Unrestricted	4,908,112
<b>TOTAL NET POSITION</b>	<b>\$ 12,622,640</b>

See Accompanying Notes

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

District-Wide Statement of Activities

For the Year Ended June 30, 2023

	Expenses	Program Revenues		Net (Expense)
		Charges For Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction				
Regular Instruction	\$ 3,597,260	\$ 1,308,229	\$ 628,255	\$ (1,660,776)
Vocational Instruction	10,580	-	-	(10,580)
Physical Instruction	196,623	-	-	(196,623)
Special Instruction	1,003,324	150,497	684,522	(168,305)
Other Instruction	51,422	-	-	(51,422)
<b>Total Instruction</b>	<u>4,859,209</u>	<u>1,458,726</u>	<u>1,312,777</u>	<u>(2,087,706)</u>
Support Services				
Pupil Services	621,199	-	137,869	(483,330)
Instructional Staff Services	662,504	-	401,372	(261,132)
General Administration Services	310,898	-	-	(310,898)
School Building Administration Services	295,927	-	-	(295,927)
Business Administration	222,652	-	-	(222,652)
Operations and Maintenance of Plant	739,612	-	375,192	(364,420)
Pupil Transportation Services	472,162	-	187,114	(285,048)
Food Services	284,961	76,955	206,782	(1,224)
Central Services	67,440	-	-	(67,440)
Insurance	89,613	-	-	(89,613)
Other Support Services	251,587	-	-	(251,587)
Community Services	23,900	-	-	(23,900)
Depreciation - Unallocated	206,282	-	-	(206,282)
<b>Total Support Services</b>	<u>4,248,737</u>	<u>76,955</u>	<u>1,308,329</u>	<u>(2,863,453)</u>
Non-Program Transactions				
Non-Open Enrollment	726,076	-	-	(726,076)
Special Education Contracted Instruction	55,368	-	-	(55,368)
Other Non-Program Transactions	56,562	-	15,080	(41,482)
<b>Total Non-Program Transactions</b>	<u>838,006</u>	<u>-</u>	<u>15,080</u>	<u>(822,926)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 9,945,952</u>	<u>\$ 1,535,681</u>	<u>\$ 2,636,186</u>	<u>(5,774,085)</u>
<b>GENERAL REVENUES</b>				
Property Taxes				4,746,009
State and Federal Aids not Restricted to Specific Functions:				
Equalization, Exempt Computer Aid and Per Pupil Aid				512,794
Interest and Investment Earnings				132,776
Sale of Capital Assets				1,198
Miscellaneous				136,871
<b>Total General Revenues</b>				<u>5,529,648</u>
<b>CHANGE IN NET POSITION</b>				(244,437)
<b>NET POSITION - BEGINNING OF YEAR</b>				<u>12,867,077</u>
<b>NET POSITION - END OF YEAR</b>				<u>\$ 12,622,640</u>

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

Balance Sheet  
 Governmental Funds  
 As of June 30, 2023

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Investments	\$ 4,713,043	\$ 809,523	\$ 5,522,566
Receivables:			
Taxes	1,390,073	-	1,390,073
Accounts	36,287	18,906	55,193
Due from Other Funds	3,532	-	3,532
Due from Other Governments	183,807	7,934	191,741
Prepaid Items	75,733	-	75,733
<b>TOTAL ASSETS</b>	<u>\$ 6,402,475</u>	<u>\$ 836,363</u>	<u>\$ 7,238,838</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts Payable	\$ 37,528	\$ 12,002	\$ 49,530
Accrued Liabilities	752,882	-	752,882
Due to Other Funds	-	3,532	3,532
Due to Other Governments	68,534	-	68,534
Unearned Revenue	400	8,853	9,253
<b>Total Liabilities</b>	<u>859,344</u>	<u>24,387</u>	<u>883,731</u>
<b>Fund Balances</b>			
Nonspendable:			
Prepaid Items	75,733	-	75,733
Restricted			
Future Capital Improvements	-	587,871	587,871
Food Service	-	120,969	120,969
Donations and Student Activities	-	61,410	61,410
Community Service	-	41,726	41,726
Common School Library Fund	12,256	-	12,256
Unassigned	5,455,142	-	5,455,142
<b>Total Fund Balances</b>	<u>5,543,131</u>	<u>811,976</u>	<u>6,355,107</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 6,402,475</u>	<u>\$ 836,363</u>	<u>\$ 7,238,838</u>

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

Reconciliation of the Balance Sheet - Governmental Funds to the District-Wide Statement of Net Position  
As of June 30, 2023

**Total Fund Balances - Governmental Funds** \$ 6,355,107

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

Capital assets used in 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	\$ 13,513,803	
Governmental Accumulated Depreciation	<u>(7,290,508)</u>	6,223,295

Net pension liability is not payable in the current period therefore not reported in the fund financial statements. (1,228,689)

Deferred outflows and inflows of resources are a consumption or acquisition of net position that applies to future periods and will not be recognized as an outflow or inflow of resources until then. Deferred outflows and inflows are reported in the statement of net position and are not reported in the fund balance sheet:

Deferred Outflows of Resources Related to Pension - Cost-Sharing Plan	4,470,590	
Deferred Inflows of Resources Related to Pension - Cost-Sharing Plan	(2,574,900)	
Deferred Outflows of Resources Related to OPEB - Cost-Sharing Plan	104,009	
Deferred Inflows of Resources Related to OPEB - Cost-Sharing Plan	(173,562)	
Deferred Outflows of Resources Related to OPEB - Single-Employer Plan	73,897	
Deferred Inflows of Resources Related to OPEB - Single-Employer Plan	<u>(85,798)</u>	1,814,236

Certain liabilities 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	(30,821)	
Net OPEB Liability - LRLIF	(241,455)	
Other Post-Employment Benefits - Single Employer Plan	<u>(269,033)</u>	<u>(541,309)</u>

**Total Net Position - Governmental Activities** \$ 12,622,640

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2023

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Property Taxes	\$ 4,717,452	\$ 25,000	\$ 4,742,452
Other Local Sources	115,805	148,212	264,017
Interdistrict Sources	1,454,932	-	1,454,932
Intermediate Sources	81,623	-	81,623
State Sources	2,287,597	4,049	2,291,646
Federal Sources	570,888	208,380	779,268
Other Sources	101,376	1,031	102,407
<b>Total Revenues</b>	<u>9,329,673</u>	<u>386,672</u>	<u>9,716,345</u>
<b>EXPENDITURES</b>			
<b>Instruction</b>			
Regular Instruction	3,451,068	24,024	3,475,092
Physical Instruction	181,807	-	181,807
Special Instruction	953,139	-	953,139
Other Instruction	44,530	3,824	48,354
<b>Total Instruction</b>	<u>4,630,544</u>	<u>27,848</u>	<u>4,658,392</u>
<b>Support Services</b>			
Pupil Services	584,529	2,361	586,890
Instructional Staff Services	623,803	3,844	627,647
General Administration Services	299,878	-	299,878
School Building Administration Services	276,699	1,913	278,612
Business Services	212,079	12	212,091
Operations and Maintenance	787,844	3,582	791,426
Pupil Transportation	462,436	9,726	472,162
Food Service Costs	-	273,293	273,293
Central Services	78,966	1,948	80,914
Insurance	89,613	-	89,613
Other Support Services	310,122	-	310,122
Community Services	-	23,405	23,405
<b>Total Support Services</b>	<u>3,725,969</u>	<u>320,084</u>	<u>4,046,053</u>
<b>Non-Program Transactions</b>			
Non-Open Enrollment	726,076	-	726,076
Special Education Contracted Instruction	55,368	-	55,368
Other Non-Program Transactions	56,562	-	56,562
<b>Total Non-Program Transactions</b>	<u>838,006</u>	<u>-</u>	<u>838,006</u>
<b>Total Expenditures</b>	<u>9,194,519</u>	<u>347,932</u>	<u>9,542,451</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>135,154</u>	<u>38,740</u>	<u>173,894</u>
<b>OTHER FINANCING SOURCE</b>			
Sale of Capital Assets	1,198	-	1,198
<b>NET CHANGES IN FUND BALANCES</b>	136,352	38,740	175,092
<b>FUND BALANCES - Beginning of Year</b>	5,406,779	773,236	6,180,015
<b>FUND BALANCES - End of Year</b>	<u>\$ 5,543,131</u>	<u>\$ 811,976</u>	<u>\$ 6,355,107</u>

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**  
 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, 2023

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	175,092
 <b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
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	\$	360,528
Depreciation expense reported in the statement of activities		(419,025)
Net value of disposals		(16,029)
Amount by which capital outlays and disposals are less than depreciation in the current period.		(74,526)
Amounts related to the pension plan benefits that affect the statement of activities but do not affect the fund financial statements.		(332,731)
Amounts related to the other post-employment benefits that affect the statement of activities but do not affect the fund financial statements.		(12,854)
Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the change in benefits earned during the year.		582
<b>Change in Net Position - Governmental Activities</b>	<b>\$</b>	<b>(244,437)</b>

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

Statement of Fiduciary Net Position

Fiduciary Fund

As of June 30, 2023

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	<u>Employee Benefit Trust</u>
<b>ASSETS</b>	
Cash and Investments	\$ 152,395
<b>LIABILITIES</b>	
Accounts Payable	<u>23,516</u>
<b>NET POSITION</b>	
Restricted	<u>\$ 128,879</u>

See Accompanying Notes

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2023

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	<b>Employee Benefit Trust</b>
<b>ADDITIONS</b>	
Other Sources	\$ 55,702
Interest	2,059
<b>Total Additions</b>	<u>57,761</u>
<b>DEDUCTIONS</b>	
Payments from Employee-Benefit Trust	<u>59,256</u>
<b>CHANGE IN NET POSITION</b>	(1,495)
<b>NET POSITION - BEGINNING</b>	<u>130,374</u>
<b>NET POSITION - ENDING</b>	<u>\$ 128,879</u>

See Accompanying Notes



# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

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

### **Reporting Entity**

This summary of significant accounting policies of Joint School District No. 1 – Towns of Arbor Vitae and Woodruff (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. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation 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). The more significant accounting policies established by GAAP and used by the District are discussed below.

### **Nature of Operations**

The District is organized as a common school district. The District, governed by a five-member elected school board, operates grades kindergarten (four- and five-year-olds) through eight and comprises all or part of two taxing districts.

The accompanying financial statements present the activities of the District. 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.

### **Basis of Presentation**

#### District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District except those that are fiduciary.

The statement of net position and statement of activities present financial information about the District's governmental activities. These statements include the non-fiduciary 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 the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position is available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

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

### Basis of Presentation (Continued)

#### Fund Financial Statements

Separate financial statements are provided for governmental funds and the fiduciary fund. Governmental funds include general, special revenue and capital projects funds. 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.

Funds are organized as major funds or nonmajor funds within the governmental statements. An emphasis is placed on major funds within the governmental category. 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 governmental 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.

The District reports the following major governmental fund:

- *General Fund* - This is the District's primary operating fund. It accounts for all financial activity that is not accounted for and reported in another fund, including educational programs for students with disabilities.

The District reports the following nonmajor governmental funds:

- *Donations and Student Activities Fund* - This fund is used to account for gifts and donations that have been restricted by private parties for specific purposes and student activities.
- *Food Service Fund* - Used to account for financial resources that are restricted to expenditure in the District's breakfast and lunch programs.
- *Community Service Fund* - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for programs provided to the community as a whole.
- *Other Special Projects Fund* - This fund accounts for financial resources (other than capital projects that are restricted or committed to expenditures for specified purposes.
- *Capital Projects Fund* - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District accounts for resources legally held in a trust for the District's other postemployment benefits in an employee benefit trust fiduciary fund.

# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

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

### **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 deferred outflows of resources and liabilities and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial report.

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, assets, and liabilities resulting from exchange and exchange-type transactions are recognized when the exchange 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, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Expenditures are recognized 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.

### **Cash and Investments**

The District's cash and investments are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition and shares in the local government investment pool. Cash and investment 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 (maturing in not more than three years) of authorized depositories, U.S. Treasury obligations, U.S. government agency issues, municipal obligations within Wisconsin, high-grade commercial paper which matures in less than seven years, and the local government pooled investment fund administered by the State Investment Board.

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.

# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

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

### **Cash and Investments (Continued)**

Funds held in the Employee Benefit Trust Funds to provide for other postemployment benefits may be invested in any kind of property or type of investment consistent with the prudent investor rule set forth in WI Stat. 881.01. This rule requires the trustee of an Employee Benefit Trust Fund to exercise reasonable care, skill, and caution when investing and managing the assets of the trust.

The investment in the local government investment pool and the AUL annuity contracts, are reported on a cost-based measure.

### **Receivables and Payables**

All accounts receivable are shown at gross amounts and, where appropriate, are reduced by an allowance for uncollectible accounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year 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). All other outstanding balances between funds are reported as "due to/from other funds."

### **Interfund Activity**

In the process of aggregating the financial information for the district-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

#### Fund Financial Statements

Interfund activity, if any, within and among the governmental categories is reported as follows in the fund financial statements:

- Interfund transfer – Flow of assets from one fund to another where repayment is not expected, are reported as transfers in and out.

#### District-Wide Financial Information

Interfund activity and balances, if any, are eliminated or reclassified in the district-wide financial statements as follows:

- Internal activities – Amounts reported as interfund transfers and due from/to other funds in the governmental fund financial statements are eliminated in the district-wide statement of activities and statement of net position.

### **Leases**

The District follows GASB Statement No. 87 which requires recognition of certain lease assets and liabilities for leases and recognizes 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 assets. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

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

### **Subscription-Based Information Technology Agreements**

The District adopted GASB Statement No. 96 for the year ended June 30, 2023, which requires recognition in the financial statements of certain subscription-based information technology agreements (SBITAs). A SBITA is any contract conveying control of the right to use another party's information technology software. This statement requires the District to report a right-to-use subscription asset and corresponding subscription liability for any SBITAs. There were no material SBITAs that were required to be recorded for the year ended June 30, 2023.

### **Capital Assets**

Capital assets, which include land, land improvements, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost for assets where historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of a unit cost of \$1,000 or more for capitalizing assets.

Capital assets are recorded in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and improvements and 5 to 15 years for furniture and equipment.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets useful life is not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Capital assets not being depreciated include land.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Deferred Outflows and 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 reports deferred outflows of resources related to the District's OPEB plan, the Local Retiree Life Insurance Fund (LRLIF), and the Wisconsin Retirement System (WRS). The deferred outflows of resources related to the District's OPEB plan represent differences between expected and actual experience, changes of assumptions or other inputs, as well as net differences between projected and actual earnings on OPEB plan investments.

# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

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

### **Deferred Outflows and Inflows of Resources (Continued)**

The deferred outflows of resources related to LRLIF and WRS represent its proportionate shares of collective deferred outflows of resources of the plans and District contributions to the plans subsequent to the measurement date of the collective net pension and OPEB liabilities (assets).

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 the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to the District's OPEB plan, LRLIF, and WRS. The deferred inflows related to the District's OPEB plan represent the changes in assumption or other inputs. The deferred inflows related to LRLIF and WRS represent its proportionate shares of collective deferred inflows of resources of the plans.

### **Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts**

All employees are granted two paid time off days with the option to carry over one day to be no more than a total of three days in any given contract year. Twelve-month employees will be given ten sick leave days, and school year employees will be given eight sick leave days, with the option of accrual up to but not exceeding a total of 40 days. Sick days earned after July 1, 2011 will not be paid out upon leaving the District.

Sick days prior to July 1, 2011, are considered held sick leave days. "Grandfathered employees" have access to currently held sick leave days. Held sick leave days will not expire if unused and will be compensated upon retirement at the rate of \$85 per day for teachers and \$25 per day for support staff. Employees previously selling sick days will be compensated \$35 per day for each day sold at the time of retirement.

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

Other Postemployment Benefits (OPEB) - The fiduciary net position of the 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 postemployment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIF's fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first.

# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

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

### Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

*Restricted fund balance* - This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislations.

*Committed fund balance* - These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education - the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance* - This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes but are neither restricted nor committed. The Board of Education and administrator have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance* - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

### Property Tax Levy

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the District and taxing entities treasurers for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the taxing entities before retaining any for county purposes.

The aggregate District tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full by two or more installments with the first installment payable by the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District 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, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2022 tax levy is used to finance operations of the District's fiscal year ended June 30, 2023. All property taxes are considered due on January 1, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

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

### **Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## **Note 2 – Stewardship and Accountability**

### **Limitation on School District Revenue**

Wisconsin Statutes limit the amount of revenue school districts may derive from general school aids and property taxes unless a higher amount is approved by a referendum. This limitation does not apply to revenue needed for 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 referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

## **Note 3 – Cash and Investments**

The District is authorized 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 Authority.
- Bonds or securities guaranteed by the U.S. Government.
- The Local Government Pool 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 a 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.



# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

## Note 3 – Cash and Investments

### Deposits

As of June 30, 2023, the bank balance of cash was \$2,009,846. 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 credit risk.

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all the 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.

Any losses caused by failure of public depositories are also covered by the State Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. The State Guarantee Fund has not been considered the amount of custodial credit risk below.

Fully Insured Deposits	\$	691,916
Collateralized		1,309,269
Uninsured and Uncollateralized		<u>8,661</u>
Total	\$	<u><u>2,009,846</u></u>

### Investments

*Interest Rate Risk* - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

*Credit Risk* - State statute limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices.

*Concentration of Credit Risk* - For an investment, concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District does not have an investment policy for concentration of credit risk. More than 5% of the District's investments are in annuity contracts with American United Life Insurance Company and the LGIP. These investments are 5% and 95% respectively, of the District's total investments. The investments with American United Life Insurance Company also represent 100% of the total investments reported in the Employee Benefit Trust Fund.

*Amortized Cost* - The District is a participant in the LGIP which is authorized in Wisconsin Statutes 25.14 and 25.17 under the oversight of the State of Wisconsin Investment Board. The LGIP is not registered with the Securities Exchange Commission as an investment company. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at \$1 based on the amortized cost of the investments in the LGIP. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. The investment in the LGIP is not subject to the fair value hierarchy disclosures.

	<b>Maturities</b>	<b>Amortized Cost</b>
Local Government Investment Pool (LGIP)	< 30 days	\$ 3,558,346
AUL annuity contract		<u>152,395</u>
Total investments reported on the statement of net position		<u><u>\$ 3,710,741</u></u>

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Notes to the Financial Statements

June 30, 2023

**Note 4 – Interfund Receivables and Payables**

Interfund receivables and payables between individual funds of the District as reported in the fund financial statements as of June 30, 2023 are detailed below:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Donations and Student Activities Fund	General Fund	\$ 1,185	Year End Cash Flow Timing
Other Special Revenue Fund	General Fund	2,347	Year End Cash Flow Timing
		<u>\$ 3,532</u>	

**Note 5 – Capital Assets**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities</b>				
Capital Assets, Nondepreciable:				
Land	\$ 57,497	\$ -	\$ -	\$ 57,497
Construction in Progress	212,447	-	212,447	-
<b>Total Capital Assets, Nondepreciable</b>	<u>269,944</u>	<u>-</u>	<u>212,447</u>	<u>57,497</u>
Capital Assets, Depreciable				
Land Improvements	95,482	-	-	95,482
Buildings and Improvements	11,001,083	250,405	-	11,251,488
Furniture and Equipment	1,936,569	322,570	149,803	2,109,336
<b>Total Capital Assets, Depreciable</b>	<u>13,033,134</u>	<u>572,975</u>	<u>149,803</u>	<u>13,456,306</u>
Less Accumulated Depreciation for				
Land Improvements	(90,703)	(3,174)	-	(93,877)
Buildings and Improvements	(5,411,320)	(250,498)	-	(5,661,818)
Machinery and Equipment	(1,503,234)	(165,353)	(133,774)	(1,534,813)
Total Accumulated Depreciation	<u>(7,005,257)</u>	<u>(419,025)</u>	<u>(133,774)</u>	<u>(7,290,508)</u>
<b>Total Capital Assets, Depreciable, Net</b>	<u>6,027,877</u>	<u>153,950</u>	<u>(16,029)</u>	<u>6,165,798</u>
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 6,297,821</u>	<u>\$ 153,950</u>	<u>\$ (228,476)</u>	<u>\$ 6,223,295</u>

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Notes to the Financial Statements

June 30, 2023

**Note 5 – Capital Assets (Continued)**

Depreciation expense was charged to following functions:

Governmental Activities		
Regular Instruction	\$	64,209
Vocational Instruction		10,580
Physical Instruction		4,017
Special Education		1,304
Co-Curricular Activities		546
Pupil Services		2,487
Instructional Staff		8,418
Operation & Maintenance		83,173
Food Service		8,549
Central Services		16,199
Other Support Services		13,261
Unallocated Depreciation		<u>206,282</u>
Depreciation Expense - Governmental Activities	\$	<u><u>419,025</u></u>

**Note 6 – Long-Term Obligations**

Long-term liability activity for the year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Addition</u>	<u>Reduction</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Compensated Absences	\$ 31,403	\$ -	\$ 582	\$ 30,821	\$ 6,164

**General Obligation Debt**

The 2022 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,174,739,300. The legal debt limit and margin of indebtedness as of June 30, 2023, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes was \$117,473,930.

# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

## Note 7 – Net Position

### District-wide Statements

Net position reported on the district-wide statement of net position at June 30, 2023 includes the following:

Investment in Capital Assets	
Net Capital Assets	\$ 6,223,295
Restricted for	
Pension Benefits - Cost Sharing Plan	667,001
Food Service	120,969
Community Service	41,726
Future Capital Improvements	587,871
Donations and Student Activities	61,410
Common School Library Fund	12,256
Total Restricted	<u>1,491,233</u>
Unrestricted	<u>4,908,112</u>
Total District-Wide Net Position	<u>\$ 12,622,640</u>

## Note 8 – Defined Benefit Pension Plan

### 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.

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Notes to the Financial Statements

June 30, 2023

**Note 8 – Defined Benefit Pension Plan (Continued)**

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment</u>	<u>Variable Fund Adjustment</u>
2013	(9.6)%	9.0%
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0
2022	7.4	15.0

**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 \$291,003 in contributions from the District.

Contribution rates as of June 30, 2023 are:

<b>Employee Category</b>	<b>Employee</b>	<b>Employer</b>
General (including teachers)	6.80%	6.80%

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

At June 30, 2023, the District reported a liability of \$1,228,689 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District’s proportion of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District’s proportion was 0.02319286%, which was an increase of 0.00014397% from its proportion measured as of December 31, 2021.

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Notes to the Financial Statements

June 30, 2023

**Note 8 – Defined Benefit Pension Plan (Continued)**

For the year ended June 30, 2023, the District recognized a pension expense of \$623,660.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between pension plan - projected and actual experiences	\$ 1,956,920	\$ 2,570,954
Changes in assumptions	241,611	-
Net differences between pension plan - projected and actual earnings on pension plan investments	2,087,259	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,984	3,946
Employer contributions subsequent to the measurement date	<u>182,816</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 4,470,590</u></u>	<u><u>\$ 2,574,900</u></u>

The \$182,816 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ 70,767
2025	354,465
2026	363,506
2027	924,136
	<u><u>\$ 1,712,874</u></u>

# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

## Note 8 – Defined Benefit Pension Plan (Continued)

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

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability (Asset):	December 31, 2022
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
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 postretirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

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

### Asset Allocation Targets and Expected Returns<sup>1</sup> As of December 31, 2022

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % <sup>2</sup>
Global Equities	48%	7.6%	5.0%
Fixed Income	25	5.3	2.7
Inflation Sensitive Assets	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund <sup>3</sup>	115% *	7.4%	4.8%
<b>Variable Fund Asset Class</b>			
U.S. Equities	70%	7.2%	4.6%
International Equities	30	8.1	5.5
Total Variable Fund	100%	7.7%	5.1%

<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%.

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Notes to the Financial Statements

June 30, 2023

**Note 8 – Defined Benefit Pension Plan (Continued)**

**Single Discount Rate.** A single discount rate of 6.8% was used to measure the total pension liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.** The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 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:

	<b>1% Decrease to Discount Rate (5.80%)</b>	<b>Current Discount Rate (6.80%)</b>	<b>1% Increase To Discount Rate (7.80%)</b>
<b>District’s Proportionate Share of the Net Pension Liability (Asset)</b>	\$ 4,077,978	\$ 1,228,689	\$ (731,377)

**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, 2023 is \$116,028 for June payroll.



# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

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## Note 9 – Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan

The District administers a single-employer defined benefit health care plan. The plan provides medical insurance benefits to eligible retirees and their spouses through the District's group medical insurance plan, which covers both active and retired members. Benefit provisions are established through employee handbooks. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. If eligible, retirees may receive medical insurance benefits until they are eligible for Medicare. The school board determines the amount contributed to the trust. Currently the contribution equals the actuarial determined contribution as calculated in the June 30, 2020 actuarial valuation. The plan does not issue a stand-alone report. The plan is closed to new entrants.

The OPEB plan investment policies and investment disclosures are discussed in Note 1 and Note 3. Currently the plan is invested in an AUL fixed interest account. For June 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 1.59%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the District at June 30, 2023, are as follows:

Total OPEB Liability - Ending (a)	\$ 397,912
Plan Fiduciary Net Position - Ending (b)	<u>128,879</u>
District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 269,033</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	32.39%

### Benefits Provided - Benefits provided to retirees are as follows:

*Teachers* - Teachers hired before July 1, 2007, and retiring after July 1, 2011, who are age 55 or older and have worked full-time in the District for at least 15 consecutive years will have an amount paid by the District into the employee's health reimbursement account (HRA) based upon 4% of the retiree's annual salary for all years of full-time employment up to June 30, 2011. This amount will be contributed in eight equal installments over four years.

*Retired Teachers* - Teachers hired before July 1, 2007, who retire at age 55 or older and have worked full-time in the District for at least 15 consecutive years, and that retired between June 30, 2006 and June 30, 2011, will have an amount paid by the District into the employee's HRA. The base contribution was \$90,000 beginning in the 2007-2008 contract year if they had family coverage (\$40,000 if they had single coverage), increasing by 2.25% each contract year thereafter. The contribution is payable in eight semiannual payments.

**Employees Covered by the Benefit Terms** - At June 30, 2023, the latest actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	7
Active employees	<u>70</u>
	<u><u>77</u></u>

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Notes to the Financial Statements

June 30, 2023

**Note 9 – Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan (Continued)**

**Actuarial Assumptions** - The net OPEB liability was measured as of June 30, 2023, and the total liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Valuation Date:	June 30, 2022
Measurement Date of Total OPEB Liability:	June 30, 2023
Actuarial Cost Method:	Entry Age Normal
Medical Care Trend:	7.00% for the first year, then 6.50% decreasing by 0.10% per year down to 4.50%, and level thereafter.
Discount Rate:	3.50% (based upon all years of projected payments discounted at a municipal bond rate of 3.50%)
Actuarial Assumptions:	Based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-2020.
Mortality Assumptions:	Wisconsin 2020 Mortality Table adjusted for future mortality improvements using the MP-2021 fully generated improvements scale (multiplied 60%)

The discount rate is based on the Bond Buyer Go 20-Bond Municipal Bond Index published by the Federal Reserve for the week closest to, but not later than, the measurement date.

**Changes in Net OPEB Liability** - OPEB liability activity for the year ended June 30, 2023, was as follows:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB</u>	<u>Plan Fiduciary</u>	<u>Net OPEB</u>
	<u>Liability</u>	<u>Net Position</u>	<u>Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
<b>Balances at 06/30/22</b>	\$ 437,829	\$ 130,374	\$ 307,455
<b>Changes for the year:</b>			
Service Cost	31,752	-	31,752
Interest	14,843	-	14,843
Differences Between Expected and Actual Experience	(14,778)		
Changes of Assumptions or Other Input	(12,478)	-	(12,478)
Contributions - Employer	-	55,702	(55,702)
Net Investment Income	-	2,059	(2,059)
Benefit Payments	(59,256)	(59,256)	-
<b>Net Changes</b>	<u>(39,917)</u>	<u>(1,495)</u>	<u>(23,644)</u>
<b>Balances at 6/30/23</b>	<u>\$ 397,912</u>	<u>\$ 128,879</u>	<u>\$ 269,033</u>

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Notes to the Financial Statements

June 30, 2023

**Note 9 – Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan (Continued)**

**Sensitivity of the District's OPEB Liability to Changes in the Discount Rate** - The following presents the District's OPEB liability calculated using the discount rate of 3.50%, as well as what the District's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

	<u>1% Decrease (2.50%)</u>	<u>Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
<b>Total OPEB Liability</b>	\$ 420,041	\$ 397,913	\$ 376,874
<b>Fiduciary Net Position</b>	128,880	128,880	128,880
<b>Net OPEB Liability</b>	<u>\$ 291,161</u>	<u>\$ 269,033</u>	<u>\$ 247,994</u>

**Sensitivity of the District's OPEB Liability to Changes in the Healthcare Cost Trend Rate** - The following presents the District's OPEB liability calculated using the healthcare cost trend rate of 7.0% decreasing to 4.5%, as well as what the District's OPEB liability would be if it were calculated using the healthcare cost trend rate that is 1-percentage-point lower (6.0% decreasing to 3.5%) or 1-percentage-point higher (8.0% decreasing to 5.5%) than the current rate:

	<u>1% Decrease (6.00% decreasing to 3.5%)</u>	<u>Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)</u>	<u>1% Increase (8.0% decreasing to 5.5%)</u>
<b>Total OPEB Liability</b>	\$ 371,245	\$ 397,913	\$ 429,422
<b>Fiduciary Net Position</b>	128,880	128,880	128,880
<b>Net OPEB Liability</b>	<u>\$ 242,365</u>	<u>\$ 269,033</u>	<u>\$ 300,542</u>

**OPEB Expense and Deferred Outflows of Resources** - For the year ended June 30, 2023, the District recognized OPEB expense of \$41,996. At June 30, 2023, the District had the following deferred outflows of resources and deferred inflows of resources related to OPEB.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$ 52,190	\$ 13,435
Changes in assumptions	18,605	72,363
Net difference between project and actual earnings on OPEB plan investments	3,102	-
<b>Total</b>	<u>\$ 73,897</u>	<u>\$ 85,798</u>

The net deferred outflows of resources will be amortized as follows.

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ (501)
2025	(917)
2026	(1,081)
2027	(1,215)
2028	(1,704)
Thereafter	(6,483)
	<u>\$ (11,901)</u>

# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

## Note 10 – Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan

### General Information About the Other Post-Employment Benefits 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, 2023 are:

<u>Coverage Type</u>	<u>Employee</u>
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement Coverage	20% of Member Contribution

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, 2022 are as listed below:

### Life Insurance Member Contribution Rates \* For the Year Ended December 31, 2022

<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 \$1,492 in contributions from the District.

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Notes to the Financial Statements

June 30, 2023

**Note 10 – Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan (Continued)**

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

At June 30, 2023, the District reported a liability of \$241,455 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.06337700%, which was an increase of 0.000137% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$27,922.

At June 30, 2023, 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	\$ -	\$ 23,629
Changes in assumptions	86,750	142,525
Net differences between projected and actual earnings on OPEB investments	4,531	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,974	7,408
Employer contributions subsequent to the measurement date	<u>754</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 104,009</u></u>	<u><u>\$ 173,562</u></u>

The \$754 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 year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ (1,163)
2025	(4,224)
2026	(2,764)
2027	(15,891)
2028	(24,545)
Thereafter	<u>(21,720)</u>
	<u><u>\$ (70,307)</u></u>

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Notes to the Financial Statements

June 30, 2023

**Note 10 – Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan (Continued)**

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

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability:	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield*:	3.72%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	3.76%
Salary Increases:	
Wage Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

\*Based on the Bond Buyers GO index.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The total OPEB liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 actuarial valuation.

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

**Local OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2022**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interm Credit	50%	2.45%
U.S. Mortgages	Bloomberg U.S. MBS	50	2.83
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 remained unchanged from the prior year at 2.30%.

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Notes to the Financial Statements

June 30, 2023

**Note 10 – Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan (Continued)**

**Single Discount Rate.** A single discount rate of 3.76% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive 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 3.76 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 (2.76 percent) or 1-percentage-point higher (4.76 percent) than the current rate:

	<u>1% Decrease to Discount Rate (2.76%)</u>	<u>Current Discount Rate (3.76%)</u>	<u>1% Increase to Discount Rate (4.76%)</u>
<b>District's Proportionate Share of the Net OPEB Liability</b>	\$ 329,199	\$ 241,455	\$ 174,210

**Payables to the OPEB 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 for Life Insurance Benefits as of June 30, 2023 is \$108 for June payroll.

**Note 11 – Defined Contribution Plan**

The District provides annual contributions into a Health Reimbursement Account (HRA) to be used for health premiums only, based on the following classification:

- Administration/12-month employees - \$3,000
- Professionally certified/9-month employees - \$2,000
- Support staff/12-month employees - \$1,000
- Support staff/9-month employees - 37.5 hours per week - \$750
- Support staff/9-month employees - 20 - 37.4 hours per week - \$500

Employees hired before July 1, 2014, will have their contributions vested after 5 years of consecutive service with the District. Employees hired after July 1, 2014, will have their contributions vested after ten years of consecutive service (administrators are vested after seven years) with the District.

# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to the Financial Statements

June 30, 2023

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## **Note 12 – Contingencies**

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, 2023, are not likely to have a material adverse impact on the District's financial position.

## **Note 13 – 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 risks of loss. Settled claims from these risks have not exceeded insurance coverage in the past three fiscal years.



**REQUIRED SUPPLEMENTARY INFORMATION**

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

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
12/31/2022	0.02319286%	\$ 1,228,689	\$ 4,204,285	29.22%	95.72%
12/31/2021	0.02304889%	(1,857,782)	4,059,121	45.77%	106.02%
12/31/2020	0.02287543%	(1,428,144)	3,820,261	37.38%	105.26%
12/31/2019	0.02251741%	(726,064)	3,634,527	19.98%	102.96%
12/31/2018	0.02196864%	781,575	3,542,637	22.06%	96.45%
12/31/2017	0.02080421%	(617,701)	3,235,315	19.09%	102.93%
12/31/2016	0.01971495%	162,498	3,035,311	5.35%	99.12%
12/31/2015	0.01883316%	306,035	2,782,772	11.00%	98.20%
12/31/2014	0.01863249%	(457,665)	2,602,201	17.59%	102.74%

Schedule of Employer Contributions  
Wisconsin Retirement System (WRS)  
Last 10 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
6/30/2023	\$ 291,003	\$ 291,003	\$ -	\$ 4,352,883	6.69%
6/30/2022	269,983	269,983	-	4,093,811	6.59%
6/30/2021	269,684	269,684	-	3,995,310	6.75%
6/30/2020	252,848	252,848	-	3,789,128	6.67%
6/30/2019	241,946	241,946	-	3,659,953	6.61%
6/30/2018	231,388	231,388	-	3,437,437	6.73%
6/30/2017	213,232	213,232	-	3,174,551	6.72%
6/30/2016	193,203	193,203	-	2,890,429	6.68%
6/30/2015	184,894	184,894	-	2,687,244	6.88%

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

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**  
Schedule of Changes in Net OPEB Liability, Fiduciary Net Position and Related Ratios  
Other Post-Employment Benefits - Single-Employer Plan  
Last 10 Fiscal Years\*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>							
Service Cost	\$ 31,752	\$ 36,544	\$ 29,997	\$ 23,753	\$ 20,243	\$ 22,885	\$ 22,885
Interest	14,843	10,662	9,167	12,827	14,259	11,524	11,051
Changes of Benefit Terms	-	-	10,164	-	-	-	-
Differences Between Expected and Actual Experience	(14,778)	-	65,617	-	5,102	-	-
Changes of Assumptions or Other Input	(12,478)	(33,493)	(3,196)	27,905	(35,817)	(18,237)	-
Benefit Payments	(59,256)	(62,994)	(34,088)	(19,279)	(19,341)	(18,163)	(18,163)
<b>Net Change in Total OPEB Liability</b>	<u>(39,917)</u>	<u>(49,281)</u>	<u>77,661</u>	<u>45,206</u>	<u>(15,554)</u>	<u>(1,991)</u>	<u>15,773</u>
<b>Total OPEB Liability - Beginning</b>	<u>437,829</u>	<u>487,110</u>	<u>409,449</u>	<u>364,243</u>	<u>379,797</u>	<u>381,788</u>	<u>366,015</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 397,912</u>	<u>\$ 437,829</u>	<u>\$ 487,110</u>	<u>\$ 409,449</u>	<u>\$ 364,243</u>	<u>\$ 379,797</u>	<u>\$ 381,788</u>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 55,702	\$ 55,523	\$ 55,523	\$ 44,582	\$ 44,582	\$ 47,482	\$ 47,482
Net Investment Income	2,059	2,302	2,209	1,709	1,077	684	174
Benefit Payments	(59,256)	(62,994)	(34,088)	(19,279)	(19,341)	(18,163)	(18,163)
Adjustment	-	(875)	(10,345)	-	-	-	-
<b>Net Change in Fiduciary Net Position</b>	<u>(1,495)</u>	<u>(6,044)</u>	<u>13,299</u>	<u>27,012</u>	<u>26,318</u>	<u>30,003</u>	<u>29,493</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>130,374</u>	<u>136,418</u>	<u>123,119</u>	<u>96,107</u>	<u>69,789</u>	<u>39,786</u>	<u>10,293</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 128,879</u>	<u>\$ 130,374</u>	<u>\$ 136,418</u>	<u>\$ 123,119</u>	<u>\$ 96,107</u>	<u>\$ 69,789</u>	<u>\$ 39,786</u>
<b>District's Net OPEB Liability (a) - (b)</b>	<u>\$ 269,033</u>	<u>\$ 307,455</u>	<u>\$ 350,692</u>	<u>\$ 286,330</u>	<u>\$ 268,136</u>	<u>\$ 310,008</u>	<u>\$ 342,002</u>
<b>Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	32.39%	29.78%	28.01%	30.07%	26.39%	18.38%	10.42%
<b>Covered-Employee Payroll</b>	\$ 3,903,633	\$ 3,747,205	\$ 3,747,205	\$ 3,274,107	\$ 3,274,107	\$ 2,957,200	\$ 2,957,200
<b>Net OPEB Liability as a Percentage of Covered-Employee Payroll</b>	6.89%	8.20%	9.36%	8.75%	8.19%	10.48%	11.57%
Annual Money-Weighted Rate of Return, Net of Investment Expenses	1.59%	1.73%	1.70%	1.56%	1.30%	1.25%	0.69%

\*Ten years of data will be accumulated beginning with 2015.

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**  
 Schedule of Employer's Proportionate Share of the Net OPEB Liability  
 Other Post-Employment Benefits Other Than Pensions - Local Retiree Life Insurance Fund (LRIF)  
 Last 10 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 Total OPEB Liability
12/31/2022	0.06337700%	\$ 241,455	\$ 3,722,000	6.49%	38.81%
12/31/2021	0.06324000%	373,772	3,636,000	10.28%	29.57%
12/31/2020	0.06541600%	359,835	3,370,000	10.68%	31.36%
12/31/2019	0.06612500%	281,573	3,422,000	8.23%	37.58%
12/31/2018	0.06274300%	161,898	3,291,000	4.92%	48.69%
12/31/2017	0.05950800%	179,035	3,057,716	5.86%	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
6/30/2023	\$ 1,492	1,492	\$ -	\$ 3,722,000	0.04%
6/30/2022	1,317	1,317	-	3,682,000	0.04%
6/30/2021	1,286	1,286	-	3,648,781	0.04%
6/30/2020	1,311	1,311	-	3,495,000	0.04%
6/30/2019	1,261	1,261	-	3,475,254	0.04%
6/30/2018	1,180	1,180	-	3,264,221	0.04%

\*The amounts presented for each year were determined as of the calendar year-end from the prior calendar year. Ten years of data will be accumulated beginning with 2018.

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

Schedule of Revenues, Expenditures and Change in Fund Balance

Budget and Actual

General Fund

For the Year Ended June 30, 2023

	<b>Original and Final Budget</b>	<b>Actual Budgetary Basis</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Property Taxes	\$ 4,717,452	\$ 4,717,452	\$ -
Other Local Sources	40,200	115,805	75,605
Interdistrict Sources	1,376,440	1,304,435	(72,005)
Intermediate Sources	40,000	49,683	9,683
State Sources	1,743,104	1,823,036	79,932
Federal Sources	537,997	473,940	(64,057)
Other Sources	60,385	89,841	29,456
<b>Total Revenues</b>	<u>8,515,578</u>	<u>8,574,192</u>	<u>58,614</u>
<b>EXPENDITURES</b>			
<b>Instruction</b>			
Regular Instruction	3,421,000	3,451,068	(30,068)
Physical Instruction	182,065	181,807	258
Other Instruction	52,365	44,530	7,835
<b>Total Instruction</b>	<u>3,655,430</u>	<u>3,677,405</u>	<u>(21,975)</u>
<b>Support Services</b>			
Pupil Services	249,065	248,632	433
Instructional Staff Services	476,917	438,913	38,004
General Administration Services	304,125	299,878	4,247
School Building Administration Services	281,670	276,699	4,971
Business Administration	199,600	209,151	(9,551)
Operations and Maintenance	860,755	787,844	72,911
Pupil Transportation	472,910	462,035	10,875
Central Services	83,027	78,966	4,061
Insurance	89,840	89,613	227
Other Support Services	306,910	310,122	(3,212)
<b>Total Support Services</b>	<u>3,324,819</u>	<u>3,201,853</u>	<u>122,966</u>
<b>Non-Program Transactions</b>			
Non-Open Enrollment	683,220	726,076	(42,856)
Other Non-Program Transactions	8,399	12,719	(4,320)
<b>Total Non-Program Transactions</b>	<u>691,619</u>	<u>738,795</u>	<u>(47,176)</u>
<b>Total Expenditures</b>	<u>7,671,868</u>	<u>7,618,053</u>	<u>53,815</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>843,710</u>	<u>956,139</u>	<u>112,429</u>
<b>OTHER FINANCING SOURCE (USE)</b>			
Sale of Capital Assets	-	1,198	1,198
Transfer to Special Education Fund	(923,620)	(820,985)	102,635
<b>Total Other Financing Source (Use)</b>	<u>(923,620)</u>	<u>(819,787)</u>	<u>103,833</u>
<b>NET CHANGE IN FUND BALANCE</b>	(79,910)	136,352	216,262
<b>FUND BALANCE - BEGINNING OF YEAR</b>	5,406,779	5,406,779	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 5,326,869</u>	<u>\$ 5,543,131</u>	<u>\$ 216,262</u>

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Notes to Required Supplementary Information

June 30, 2023

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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 School Board resolution.

The District follows these procedures in establishing the budgetary data:

- a. Based upon requests from District staff, District administration recommends budget proposals the School Board.
- b. The school board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- c. A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the propose budget.
- d. Pursuant to a public budget hearing, the school board may make alterations to the proposed budget.
- e. Once the school board (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 school board.

Appropriations lapse at year-end unless authorized as a carryover by the school board. The portion of fund balance representing carryover appropriations if any, 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 were combined. There is a reconciliation to the statement of revenues, expenditures and changes in fund balances provided as part of the notes to required supplementary information.

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

The general fund had an excess of expenditures over the budget for the year ended June 30, 2023:

<b>Individual Function</b>	<b>Excess Expenditures</b>
Regular Instruction	\$ 30,068
Business Administration	9,551
Other Support Services	3,212
Non-Open Enrollment	42,856
Other Non-Program Transactions	4,320

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Notes to Required Supplementary Information - Continued  
June 30, 2023

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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:

	<u>General Fund</u>
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Revenues and Other Financing Source" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 8,575,390
Differences – Budget to GAAP:	
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	<u>755,481</u>
Total Revenues and Other Financing Source as Reported on the Statement of Revenues, Expenditures and Change in Fund Balances – Governmental Funds	<u>\$ 9,330,871</u>
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Expenditures and Other Financing Use" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 8,439,038
Differences – Budget to GAAP:	
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	1,576,466
The Transfer to the Special Education Fund is Eliminated because it is Considered to be Part of the General Fund.	<u>(820,985)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	<u>\$ 9,194,519</u>

# JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF

Notes to Required Supplementary Information - Continued

June 30, 2023

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## Defined Benefit Pension 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.

## Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan

*Changes of benefit terms.* There were no changes of benefit terms.

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

## Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan

*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.



## **SUPPLEMENTARY INFORMATION**

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**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 As of June 30, 2023

	Special Revenue Funds				Capital Projects	Total Nonmajor Governmental Funds
	Donations and Student Activities Fund	Food Service	Community Service	Other Special Projects		
<b>ASSETS</b>						
Cash and Investments	\$ 43,689	\$ 136,237	\$ 41,726	\$ -	\$ 587,871	\$ 809,523
Accounts Receivable	18,906	-	-	-	-	18,906
Due from Other Governments	-	5,587	-	2,347	-	7,934
<b>Total Assets</b>	<u>\$ 62,595</u>	<u>\$ 141,824</u>	<u>\$ 41,726</u>	<u>\$ 2,347</u>	<u>\$ 587,871</u>	<u>\$ 836,363</u>
<b>LIABILITIES</b>						
Accounts Payable	\$ -	\$ 12,002	\$ -	\$ -	\$ -	\$ 12,002
Due to Other Funds	1,185	-	-	2,347	-	3,532
Unearned Revenue	-	8,853	-	-	-	8,853
<b>Total Liabilities</b>	<u>1,185</u>	<u>20,855</u>	<u>-</u>	<u>2,347</u>	<u>-</u>	<u>24,387</u>
<b>FUND BALANCES</b>						
Restricted	<u>61,410</u>	<u>120,969</u>	<u>41,726</u>	<u>-</u>	<u>587,871</u>	<u>811,976</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 62,595</u>	<u>\$ 141,824</u>	<u>\$ 41,726</u>	<u>\$ 2,347</u>	<u>\$ 587,871</u>	<u>\$ 836,363</u>

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2023

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Donations and Student Activities Fund	Food Service	Community Service	Other Special Projects	Capital Projects	
<b>REVENUES</b>						
Property Taxes	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000
Other Local Sources	49,653	76,955	-	-	21,604	148,212
State Sources	-	4,049	-	-	-	4,049
Federal Sources	-	202,733	-	5,647	-	208,380
Other Sources	-	1,031	-	-	-	1,031
<b>Total Revenues</b>	<u>49,653</u>	<u>284,768</u>	<u>25,000</u>	<u>5,647</u>	<u>21,604</u>	<u>386,672</u>
<b>EXPENDITURES</b>						
<b>Instruction:</b>						
General Instruction	24,024	-	-	-	-	24,024
Other Instruction	3,824	-	-	-	-	3,824
<b>Total Instruction</b>	<u>27,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,848</u>
<b>Support Services:</b>						
Pupil Services	183	-	-	2,178	-	2,361
Instructional Staff Services	375	-	-	3,469	-	3,844
School Building Administration Services	1,913	-	-	-	-	1,913
Business Services	12	-	-	-	-	12
Operations and Maintenance	3,582	-	-	-	-	3,582
Pupil Transportation	9,726	-	-	-	-	9,726
Food Service Operations	-	273,293	-	-	-	273,293
Central Services	1,948	-	-	-	-	1,948
Community Services	-	-	23,405	-	-	23,405
<b>Total Support Services</b>	<u>17,739</u>	<u>273,293</u>	<u>23,405</u>	<u>5,647</u>	<u>-</u>	<u>320,084</u>
<b>Total Expenditures</b>	<u>45,587</u>	<u>273,293</u>	<u>23,405</u>	<u>5,647</u>	<u>-</u>	<u>347,932</u>
<b>NET CHANGES IN FUND BALANCES</b>	4,066	11,475	1,595	-	21,604	38,740
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>57,344</u>	<u>109,494</u>	<u>40,131</u>	<u>-</u>	<u>566,267</u>	<u>773,236</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 61,410</u>	<u>\$ 120,969</u>	<u>\$ 41,726</u>	<u>\$ -</u>	<u>\$ 587,871</u>	<u>\$ 811,976</u>

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**  
Combining Schedule of Internal General and Special Education Funds - Balance Sheet  
As of June 30, 2023

	<u>General</u>	<u>Special Education</u>	<u>Total General Fund</u>
<b>ASSETS</b>			
Cash and Investments	\$ 4,557,824	\$ 155,219	\$ 4,713,043
Receivables:			
Taxes	1,390,073	-	1,390,073
Accounts	32,860	3,427	36,287
Due from Other Fund	3,532	-	3,532
Due from Other Governments	140,547	43,260	183,807
Prepaid Items	75,733	-	75,733
<b>TOTAL ASSETS</b>	<u>\$ 6,200,569</u>	<u>\$ 201,906</u>	<u>\$ 6,402,475</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	\$ 37,528	\$ -	\$ 37,528
Accrued Liabilities	619,510	133,372	752,882
Due to Other Governments	-	68,534	68,534
Deferred Revenue	400	-	400
<b>Total Liabilities</b>	<u>657,438</u>	<u>201,906</u>	<u>859,344</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Items	75,733	-	75,733
Restricted for:			
Common School Library Fund	12,256	-	12,256
Unassigned	5,455,142	-	5,455,142
<b>Total Fund Balances</b>	<u>5,543,131</u>	<u>-</u>	<u>5,543,131</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 6,200,569</u>	<u>\$ 201,906</u>	<u>\$ 6,402,475</u>

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

Combining Schedule of Internal General and Special Education Funds -

Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2023

	<u>General</u>	<u>Special Education</u>	<u>Total General Fund</u>
<b>REVENUES</b>			
Property Taxes	\$ 4,717,452	\$ -	\$ 4,717,452
Other Local Sources	115,805	-	115,805
Interdistrict Sources	1,304,435	150,497	1,454,932
Intermediate Sources	49,683	31,940	81,623
State Sources	1,823,036	464,561	2,287,597
Federal Sources	473,940	96,948	570,888
Other Sources	89,841	11,535	101,376
<b>Total Revenues</b>	<u>8,574,192</u>	<u>755,481</u>	<u>9,329,673</u>
<b>EXPENDITURES</b>			
<b>Instruction</b>			
Regular Instruction	3,451,068	-	3,451,068
Physical Instruction	181,807	-	181,807
Special Instruction	-	953,139	953,139
Other Instruction	44,530	-	44,530
<b>Total Instruction</b>	<u>3,677,405</u>	<u>953,139</u>	<u>4,630,544</u>
<b>Support Services</b>			
Pupil Services	248,632	335,897	584,529
Instructional Staff Services	438,913	184,890	623,803
General Administration Services	299,878	-	299,878
School Building Administration Services	276,699	-	276,699
Business Services	209,151	2,928	212,079
Operations and Maintenance	787,844	-	787,844
Pupil Transportation	462,035	401	462,436
Central Services	78,966	-	78,966
Insurance	89,613	-	89,613
Other Support Services	310,122	-	310,122
<b>Total Support Services</b>	<u>3,201,853</u>	<u>524,116</u>	<u>3,725,969</u>
<b>Non-Program Transactions</b>			
Non-Open Enrollment	726,076	-	726,076
Special Education Contracted Instruction	-	55,368	55,368
Other Non-Program Transactions	12,719	43,843	56,562
<b>Total Non-Program Transactions</b>	<u>738,795</u>	<u>99,211</u>	<u>838,006</u>
<b>Total Expenditures</b>	<u>7,618,053</u>	<u>1,576,466</u>	<u>9,194,519</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>956,139</u>	<u>(820,985)</u>	<u>135,154</u>
<b>OTHER FINANCING SOURCES (USE)</b>			
Sale of Capital Assets	1,198	-	1,198
Transfer from Other Funds	-	820,985	820,985
Transfer to Other Funds	(820,985)	-	(820,985)
<b>Total Other Financing Sources (Use)</b>	<u>(819,787)</u>	<u>820,985</u>	<u>1,198</u>
<b>NET CHANGES IN FUND BALANCES</b>	136,352	-	136,352
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>5,406,779</u>	<u>-</u>	<u>5,406,779</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 5,543,131</u>	<u>\$ -</u>	<u>\$ 5,543,131</u>

## **ADDITIONAL REPORTS**

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**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  
Joint School District No. 1 - Towns of Arbor Vitae and Woodruff  
Arbor Vitae, 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, the major fund and the aggregate remaining fund information of Joint School District No. 1 - Towns of Arbor Vitae and Woodruff (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 17, 2023.

**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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

To the Board of Education  
Joint School District No. 1 - Towns of Arbor Vitae and Woodruff

### **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 response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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**  
November 17, 2023

**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  
Joint School District No. 1 - Towns of Arbor Vitae and Woodruff  
Arbor Vitae, 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 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, 2023. 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, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 School District Audit Manual*. Our responsibilities under those standards, the Uniform Guidance, *State Single Audit Guidelines* and *Wisconsin 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 School District 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 School District 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 School District 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  
Joint School District No. 1 - Towns of Arbor Vitae and Woodruff

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 School District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

*KerberRose SC*

**KerberRose SC**  
**Certified Public Accountants**  
**Green Bay, Wisconsin**  
November 17, 2023

**FEDERAL AND STATE AWARDS SECTION**

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

<u>Grantor Agency/Federal Program Title</u>	<u>ALN</u>	<u>Pass-Through Agency</u>	<u>Pass-Through Number</u>	<u>(Accrued) Deferred Revenue 7/1/2022</u>	<u>Value or Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/2023</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
<i>CHILD NUTRITION CLUSTER</i>								
School Breakfast Program	10.553	WI DPI	2023-636720-DPI-SB-SEVERE-546	\$ -	\$ 23,848	\$ -	\$ 23,848	\$ -
National School Lunch Program	10.555	WI DPI	2023-636720-NSL-547	-	148,316	-	148,316	-
Donated Commodities	10.555	WI DPI	2023-636720-NSL-547	-	24,707	-	24,707	-
<i>Total National School Lunch Program</i>				-	173,023	-	173,023	-
Summer Food Service Program - COVID-19	10.559	WI DPI	2022-636720-DPI-SFSP-586	(4,747)	4,747	-	-	-
Summer Food Service Program	10.559	WI DPI	2023-636720-DPI-SFSP-586	-	-	5,587	5,587	-
Donated Commodities	10.559	WI DPI	2023-636720-DPI-SFSP-586	-	275	-	275	-
<i>Total Summer Food Service Program</i>				(4,747)	5,022	5,587	5,862	-
<b>Total U.S. Department of Agriculture and Child Nutrition Cluster</b>				(4,747)	201,893	5,587	202,733	-
<b>U.S. DEPARTMENT OF EDUCATION</b>								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2023-636720-TIA-141	-	45,074	22,567	67,641	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-636720-TIA-141	(23,648)	23,648	-	-	-
<i>Total Title I Grants to Local Educational Agencies</i>				(23,648)	68,722	22,567	67,641	-
<i>SPECIAL EDUCATION CLUSTER</i>								
Special Education Grants to States	84.027A	WI DPI	2023-636720-DPI-IDEA-FT-341	-	75,939	15,807	91,746	-
Special Education Grants to States	84.027A	WI DPI	2022-636720-DPI-IDEA-FLOW-341	(15,891)	15,891	-	-	-
Special Education Preschool Grants	84.173	WI DPI	2022-636720-DPI-IDEA-PRESCH-347	(1,411)	1,411	-	-	-
Special Education Preschool Grants	84.173	WI DPI	2023-636720-DPI-IDEA-PRESCH-347	-	179	4,218	4,397	-
<i>Total Special Education Cluster</i>				(17,302)	93,420	20,025	96,143	-
Indian Education Act	84.060A	Direct Program	Not Available	(142)	3,442	2,347	5,647	-
Small Rural Achievement Program	84.358A	Direct Program	Not Available	(7,589)	37,114	7,392	36,917	-
Title II-A Grants to Local Educational Agencies	84.367	WI DPI	2023-636720-TIIA-365	-	11,800	-	11,800	-
Title IV-A Student Support and Academic Enrichment Grants	84.424	WI DPI	2022-636720-TIVA-381	(278)	278	-	-	-
Title IV-A Student Support and Academic Enrichment Grants	84.424	WI DPI	2023-636720-TIVA-381	-	-	7,102	7,102	-
Elementary and Secondary School Emergency Relief - COVID-19	84.425D	WI DPI	2022-636720-DPI-ESSERFII-163	(30,109)	30,109	-	-	-
Elementary and Secondary School Emergency Relief - COVID-19	84.425D	WI DPI	2023-636720-DPI-ESSERFII-163	-	58,069	18,036	76,105	-
Elementary and Secondary School Emergency Relief - ARP-ESSER	84.425U	WI DPI	2022-636720-DPI-ESSERFIII-165	(75,964)	75,964	-	-	-
Elementary and Secondary School Emergency Relief - ARP-ESSER	84.425U	WI DPI	2023-636720-DPI-ESSERFIII-165	-	135,061	79,197	214,258	-
<b>Total U.S. Department of Education</b>				(155,032)	513,979	156,666	515,613	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
Public Health Crisis Response Awards	93.354	CESA 9	Not Available	-	3,741	180	3,921	-
<i>MEDICAID CLUSTER</i>								
Medical Assistance Program	93.778	CESA 9	Not Available	(6,488)	87,983	128	81,623	-
<b>Total U.S. Department of Health and Human Services</b>				(6,488)	91,724	308	85,544	-
<b>TOTAL FEDERAL ASSISTANCE</b>				<u>\$ (166,267)</u>	<u>\$ 807,596</u>	<u>\$ 162,561</u>	<u>\$ 803,890</u>	<u>\$ -</u>

Reconciliation to the basic financial statements:

Governmental Funds	
Federal Sources	\$ 779,268
Intermediate Sources	81,623
Non reportable Grants	(57,001)
Total expenditures of federal awards	<u>\$ 803,890</u>

**JOINT SCHOOL DISTRICT NO. 1 TOWNS OF ARBOR VITAE AND WOODRUFF**

Schedule of State Financial Assistance  
For the Year Ended June 30, 2023

<u>Awarding Agency/ Awarding Description/ Pass-Through Agency</u>	<u>State I.D. Number</u>	<u>Pass-Through Agency</u>	<u>State Identifying Number</u>	<u>(Accrued) Deferred Revenue 7/1/2022</u>	<u>Cash Received (Refunded)</u>	<u>Accrued (Deferred) Revenue 6/30/2023</u>	<u>Total Expenditures</u>	<u>Subrecipient Payments</u>
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>								
Special Education and School Age Parents	255.101	Direct Program	636720-100	\$ -	\$ 452,229	\$ -	\$ 452,229	\$ -
State School Lunch Aid	255.102	Direct Program	636720-107	-	2,354	-	2,354	-
Common School Fund Library Aid	255.103	Direct Program	636720-104	-	21,417	-	21,417	-
General Transportation Aid	255.107	Direct Program	636720-102	-	31,274	-	31,274	-
School Day Milk Program	255.115	Direct Program	636720-109	-	666	-	666	-
Equalization Aids	255.201	Direct Program	636720-116	-	823,160	-	823,160	-
High Cost Special Education Aid	255.210	Direct Program	636720-119	-	12,332	-	12,332	-
Sparsity Aid	255.212	Direct Program	636720-162	-	173,972	-	173,972	-
State School Breakfast Aid	255.344	Direct Program	636720-108	-	1,029	-	1,029	-
Student Achievement Guarantee in Education	255.504	Direct Program	636720-160	-	224,806	-	224,806	-
Aid for High Poverty School District	255.926	Direct Program	636720-121	-	24,039	-	24,039	-
Educator Effective Evaluation System	255.940	Direct Program	636720-154	(4,080)	8,400	-	4,320	-
Per Pupil Aid	255.945	Direct Program	636720-113	-	336,868	-	336,868	-
High Cost Transportation Aid	255.947	Direct Program	636720-114	-	153,212	-	153,212	-
Assessments of Reading Readiness	255.956	Direct Program	636720-166	-	1,395	-	1,395	-
<b>Total Wisconsin Department of Public Instruction</b>				<u>(4,080)</u>	<u>2,267,153</u>	<u>-</u>	<u>2,263,073</u>	<u>-</u>
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>								
School Safety Grant	455.206	Direct Program	2023-SSI-01-13431	-	1,314	1,314	2,628	-
<b>TOTAL STATE PROGRAMS</b>				<u>\$ (4,080)</u>	<u>\$ 2,268,467</u>	<u>\$ 1,314</u>	<u>\$ 2,265,701</u>	<u>\$ -</u>

Reconciliation to the basic financial statements:

Governmental Funds

State sources

\$ 2,291,646

Less: State sources not considered state financial assistance

Payment in lieu of taxes and other revenues

(25,945)

Total expenditures of state awards

\$ 2,265,701



**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**  
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance  
June 30, 2023

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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 Joint School District No. 1 - Towns of Arbor Vitae and Woodruff under programs of the federal and state governments for the year ended June 30, 2023. 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 *State Single Audit Guidelines*. 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 in 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.

Joint School District No. 1 - Towns of Arbor Vitae and Woodruff 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 \$1,370,356.

**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.

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

**Section I - Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Noncompliance material to the financial statements?	No

**Federal Awards**

Internal control over major program:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

ALN	Name of Federal Program
	Education Stabilization Funds
84.425D	Elementary and Secondary School Emergency Relief – COVID -19
84.425U	Elementary and Secondary School Emergency Relief – ARP-ESSER
84.010	Title I Grants to Local Educational Agencies

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 program:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified

Any audit findings disclosed that are required in accordance with <i>State Single Audit Guidelines</i> or the <i>Wisconsin School District Audit Manual</i> ?	No
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**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**  
 Schedule of Findings and Questioned Costs - Continued  
 For the Year Ended June 30, 2023

**Section I - Summary of Auditors' Results (Continued)**

Identification of major state programs:

State I.D. Number	Name of State Program
255.201	<i>General Aids Cluster</i>
255.926	Equalization Aid Aid for High Poverty School District
255.945	Per Pupil Aid

**Section II - Financial Statement Findings**

**Finding No.**

**2023-001                      Lack of Segregation of Duties**

**Prior Year Audit Finding:**

2022-001

**Criteria:**

No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

**Condition:**

Incompatible functions are currently being performed by the same individual.

**Cause:**

Limited staff available and inadequate compensating controls.

**Effect:**

Decreased likelihood that unauthorized, false, or incorrectly coded transactions will be prevented, or detected and corrected in a timely fashion, which may result in misstated financial statements.

**Recommendation:**

We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

**Management's Response:**

The District does not have the resources available to increase staff size and eliminate this internal control deficiency. The Board and management are aware of the situation and will continue to provide oversight and monitor the District's operations as best they can.

**Responsible Officials:**

Jocelyn Smith, District Administrator  
 Gina Kolzow, Finance Director

**Anticipated Completion Date:**

This finding will not completely resolve itself given the cost/benefit basis decision the District continues to make.

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**  
 Schedule of Findings and Questioned Costs - Continued  
 For the Year Ended June 30, 2023

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

**Finding No.**

<b>2023-002</b>	<b>Financial Accounting and Reporting</b>
<b>Prior Year Audit Finding:</b>	2022-002
<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 training and expertise to prepare the financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
<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. The outsourcing is a result of management's cost/benefit decision to use our accounting expertise rather than incurring this internal resource cost.
<b>Recommendation:</b>	We recommend that management continues to make this decision on a cost/benefit basis.
<b>Management's Response:</b>	The District accepts this finding. The decision by the Board and management to outsource the preparation of the financial statements and related notes has been on a cost/benefit basis. The District has assigned an individual with the knowledge and skills to review the financial statements which includes comparing the financial statements to the trial balances and prior year financial statements. After this process is complete, the District accepts responsibility for the financial statements.
<b>Responsible Officials:</b>	Jocelyn Smith, District Administrator Gina Kolzow, Finance Director
<b>Anticipated Completion Date:</b>	This finding will not completely resolve itself given the cost/benefit basis decision 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.

**Section V – Other Matters**

Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

Was a management letter or other document conveying audit comments issued as a result of the audit? Yes

**JOINT SCHOOL DISTRICT NO. 1 - TOWNS OF ARBOR VITAE AND WOODRUFF**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2023

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**Financial Statement Findings**

**2022-001 – Segregation of Duties** – This is a repeat finding for 2023. Current year finding 2023-001.

**2022-002 – Financial Accounting and Reporting** – This is a repeat finding for 2023. Current year finding 2023-002.



Jocelyn Smith, District Administrator  
Rich Fortier, Principal

**Corrective Action Plan**

**2023-001 Segregation of Duties** – The District does not have the resources available to increase staff size and eliminate the internal control deficiency. The Board and management are aware of the situation and will continue to provide oversight and monitor the District’s operation as best they can.

**Responsible Officials** – Jocelyn Smith, District Administrator  
Gina Kolzow, Finance Director

**Anticipated Completion Date** – This finding will not completely resolve given the size and limited financial resources of the District.

**2023-002 – Financial Accounting and Reporting** – The District is aware that its staff does not have a process to prepare the financial statements and related notes in accordance with GAAP. The District will continue to make this decision on a cost/benefit basis and have auditors assist in preparing the financial statements and related notes. Management does review the financial statements and compares them to the District’s financial records for completeness and accuracy and accepts responsibility for those financial statements.

**Responsible Officials** - Jocelyn Smith, District Administrator  
Gina Kolzow, Finance Director

**Anticipated Completion Date** – This finding will not be resolved as the District will continue to utilize a cost/benefit perspective.