

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
DISTRICT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	15
STATEMENT OF ACTIVITIES	16
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	17
RECONCILIATION TO THE STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS	18
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS	19
RECONCILIATION TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS	20
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUND	21
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUND	22
NOTES TO BASIC FINANCIAL STATEMENTS	23
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS	65
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND – BUDGETARY BASIS	66
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS – SINGLE-EMPLOYER OTHER POSTEMPLOYMENT BENEFIT PLAN	67

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

SCHEDULE OF EMPLOYER CONTRIBUTIONS – SINGLE-EMPLOYER OTHER POSTEMPLOYMENT BENEFIT PLAN	68
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) – WISCONSIN RETIREMENT SYSTEM	69
SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM	69
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) – LOCAL RETIREE LIFE INSURANCE FUND	70
SCHEDULE OF CONTRIBUTIONS – LOCAL RETIREE LIFE INSURANCE FUND	70
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	71
SUPPLEMENTARY INFORMATION	
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	77
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	79
ADDITIONAL INDEPENDENT AUDITORS’ REPORT FOR BASIC FINANCIAL STATEMENTS	
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	82
FEDERAL AND STATE AWARDS	
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE <i>STATE SINGLE AUDIT GUIDELINES</i>	85
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	89
SCHEDULE OF EXPENDITURES OF STATE AWARDS	92
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS	93
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	95



INDEPENDENT AUDITORS' REPORT

Board of Education
Sheboygan Area School District
Sheboygan, Wisconsin

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, the major fund, and the aggregate remaining fund information of the Sheboygan Area School District, Sheboygan, Wisconsin (the 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 discretely presented component unit, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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. The financial statements of the Sheboygan Public Education Foundation, Inc., a discretely presented component unit of the District were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As described in Note 3.D. to the financial statements, the District restated net position of the governmental activities and the employee benefit trust fund to correct errors in previously issued financial statements. Our opinions are not modified with respect to this matter.

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 management's discussion and analysis, the budgetary schedules, and the schedules relating to pensions and other postemployment benefits 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

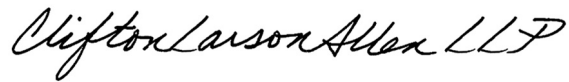
Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 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.

CliftonLarsonAllen LLP



Sheboygan, Wisconsin
December 14, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SHEBOYGAN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

This discussion and analysis of Sheboygan Area School District's (the District) financial information provides an overall review of financial activities for the fiscal year. The analysis generally focuses on school district financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The District's overall change in net position per the Statement of Activities resulted in an increase of \$4,081,170.
- The District's total fund balance for all funds increased by \$2,451,997.
- The District's total assets decreased by \$31,948,642. The District's current assets including cash, investments, receivables, and the net OPEB asset decreased by \$30,623,763. The change is primarily due to the change in the Wisconsin Retirement System reporting which presented a net pension asset of \$32,946,271 for June 30, 2022 and a net pension liability of \$21,358,266 for June 30, 2023. Capital assets net of accumulated depreciation/amortization (land, sites, buildings, and equipment) decreased by \$1,324,879.
- The District's total liabilities increased by approximately \$9.7 million. This is primarily due to the change in the Wisconsin Retirement System as stated in the previous bullet point.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of 1) management's discussion and analysis, 2) district-wide financial statements, 3) fund financial statements, and 4) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

District-Wide Financial Statements

- The district-wide financial statements include the statement of net position and statement of activities. These statements present an aggregate view of the District's finances in a manner similar to private-sector business. Both statements distinguish functions that are supported principally by property taxes and intergovernmental revenues, called governmental activities, from functions that are intended to recover all or a significant portion of costs through user fees and charges called business type activities.
- The statement of net position presents information on all of the District's assets, deferred outflows/inflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The statement of activities presents information showing how the District's net position changed during the year. This statement reports the cost of government functions and how those functions were financed for the fiscal year.
- The district-wide financial statements are shown on pages 15 to 16 of this report.

**SHEBOYGAN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements

- The District also produces fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities. The District, like other state and local governments, uses fund accounting to demonstrate compliance with finance related legal requirements. Fund statements generally report operations in more detail than the district-wide statements and provide information that may be useful in evaluating a district's near-term financing requirements.
- There are two fund financial statements, the balance sheet and the statement of revenues, expenditures and changes in fund balance. Generally, fund statements focus on near-term inflows and outflows of spendable resources and their impact on fund balance.
- Because the focus of fund financial statements is narrower than that of the district-wide statements it is useful to make comparisons between the information presented. By doing so, readers may better understand the long-term implication of the government's near-term financial decisions. A reconciliation to facilitate this comparison is provided either at the bottom of the government funds statement or as a separate statement.
- The District has two kinds of funds: governmental, and fiduciary. Governmental funds include the District's general, special revenue, debt service, and capital project funds. The District also has one fiduciary fund, the employee benefit trust fund.
- Financial information is presented separately on both the balance sheet and the statement of revenues, expenditures and changes in fund balance for the general fund as this is considered to be a major fund. Data for each of the individual nonmajor funds is provided separated as supplementary information. The governmental fund financial statements are on pages 17 to 20 of this report.
- The District serves as a trustee, or fiduciary, for the employee benefit trust fund. The assets of the trust do not directly benefit nor are under the direct control of the District. The District's responsibility is limited to ensuring the assets reported in these funds are used only for their intended purposes. Fiduciary activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations. Fiduciary fund statements are presented on pages 21 to 22.
- The District adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided to demonstrate budget compliance. The budgetary comparison statements can be seen on pages 65 and 66.

**SHEBOYGAN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 23 to 63 of this report.

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

	District-Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire district (except fiduciary funds).	The activities of the district that is not proprietary or fiduciary, such as instructional, support services, and community services.	Assets held by the district on behalf of someone else.
Required financial statements	Statement of net position, and Statement of activities.	Balance sheet, and Statement of revenues, expenditures, and changes in fund balance.	Statement of fiduciary net position, and Statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

**SHEBOYGAN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS

The District as a Whole

Net position. Table 1, below, provides a summary of the District's net position for the year ended June 30, 2023 compared to June 30, 2022.

Table 1 – Statement of Net Position

	<u>Governmental Activities</u>		<u>Total Percent Change</u>
	<u>2023</u>	<u>2022</u>	<u>2023-22</u>
ASSETS			
Current/Other Assets	\$ 85,405,850	\$ 116,029,613	
Capital Assets	90,750,612	92,075,491	
Total Assets	<u>176,156,462</u>	<u>208,105,104</u>	-15.4%
DEFERRED OUTFLOWS OF RESOURCES			
Outflows Related to Pension/OPEB	81,480,617	67,810,325	
Loss on Advance Refunding	411,326	544,627	
Total Deferred Outflows	<u>81,891,943</u>	<u>68,354,952</u>	19.8%
LIABILITIES			
Long-Term Obligations	54,805,666	39,600,318	
Other Liabilities	11,837,659	17,364,675	
Total Liabilities	<u>66,643,325</u>	<u>56,964,993</u>	17.0%
DEFERRED INFLOWS OF RESOURCES			
Infloes Related to Pension/OPEB	50,626,640	81,641,114	-38.0%
NET POSITION			
Net Investment in:			
Capital Assets	61,818,520	56,206,763	
Restricted	16,772,711	48,540,802	
Unrestricted	62,187,209	33,106,384	
Total Net Position	<u>\$ 140,778,440</u>	<u>\$ 137,853,949</u>	2.1%

The District's combined net position increased by 2.1% to \$140.8 million. Current and other assets decreased \$30.6 million while capital assets net of accumulated depreciation decreased \$1.3 million. The calculation of net position uses a historical cost for school buildings that may not accurately reflect the true value.

Total liabilities increased by 17.0% or \$9.7 million. This increase is due to the change in the Wisconsin Retirement System as previously stated.

**SHEBOYGAN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS (CONTINUED)

The District as a Whole (Continued)

Change in net position. Table 2 shows the changes in net position for the fiscal years 2023 and 2022.

Table 2 – Change in Net Position

	<u>Governmental Activities</u>		<u>Total Dollar Change</u>
	<u>2023</u>	<u>2022</u>	<u>2023-22</u>
REVENUES			
Program Revenues:			
Charges for Services	\$ 3,982,093	\$ 3,724,990	\$ 257,103
Operating Grants and Contributions	30,840,189	25,530,560	5,309,629
Capital Grants and Contributions	-	200	(200)
General Revenues:			
Property Taxes	33,556,555	35,625,171	(2,068,616)
State and Federal Aid	95,768,621	90,906,907	4,861,714
Other	3,327,368	529,723	2,797,645
Total Revenues	<u>167,474,826</u>	<u>156,317,551</u>	<u>11,157,275</u>
EXPENSES			
Instruction	84,148,474	82,940,050	1,208,424
Support Services	55,576,783	42,607,453	12,969,330
Community Service	2,462,165	2,173,936	288,229
Nonprogram	15,855,714	14,938,897	916,817
Interest and Fiscal Charges	942,006	1,318,929	(376,923)
Depreciation/Amortization	4,408,514	4,153,006	255,508
Total Expenses	<u>163,393,656</u>	<u>148,132,271</u>	<u>15,261,385</u>
CHANGE IN NET POSITION	<u>\$ 4,081,170</u>	<u>\$ 8,185,280</u>	<u>\$ (4,104,110)</u>

As shown, general revenues provide about 79% of the total funding. Sheboygan Area School District relies on property taxes for 20% of its total funding. In the prior year, general revenues provided 81% of funding; and 23% of funding was from property tax.

- Program revenues, in the form of charges for services and operating grants and contributions, totaled \$34.8 million. Overall, total revenues increased \$11.2 million. The increase is primarily due to increases in federal and state grants.
- General revenues for operations accounted for \$132.6 million, which is about \$5.6 million more than last year.
 - Property taxes decreased \$2.1 million and state and federal aid increased by \$4.9 million over the prior year.
 - Interest and investment earnings increased from \$130,400 to \$2.0 over the prior year.
- Expenses increased by \$15.2 million. The increase is primarily in the support services function. The increase is primarily due to increases in wages and benefits and also areas such as utilities and food costs which were effected by inflation.
- The District recognized depreciation/Amortization expense of \$4.4 million.

**SHEBOYGAN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

Net cost of governmental activities. Table 3 reports the cost of six major District activities. The table also shows each activity's net cost (total cost less fees generated locally or from state and federal agencies).

Table 3 – Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services		Net Cost Percentage Change
	2023	2022	2023	2022	2023-22
Instruction	\$ 84,148,474	\$ 82,940,050	\$ 65,453,352	\$ 65,631,799	0%
Support Services	55,576,783	42,607,453	40,670,536	31,631,192	29%
Community Services	2,462,165	2,173,936	1,241,252	1,200,898	3%
Nonprogram	15,855,714	14,938,897	15,855,714	14,938,897	6%
Interest and Fiscal Charges	942,006	1,318,929	942,006	1,318,929	-29%
Depreciation/Amortization	4,408,514	4,153,006	4,408,514	4,153,006	6%
Total	<u>\$ 163,393,656</u>	<u>\$ 148,132,271</u>	<u>\$ 128,571,374</u>	<u>\$ 118,874,721</u>	8%

- The total cost of all governmental activities increased approximately \$15.2 million compared to an increase of \$14.8 million the previous year.
- The net cost of services of all governmental activities increased by \$9.7 million.

Governmental Fund Balances

The District shows a total fund balance for all governmental funds of \$73.7 million as of June 30, 2023 compared to \$67.9 million from the prior year.

- Of this total, the General Fund (Fund 10) is a major fund that holds the largest fund balance of \$57.1 million. The General fund is the District's primary operating fund. This fund presents \$194,617 as non-spendable, \$5.2 million as committed, \$21.0 as assigned, and \$30.8 unassigned. Note that unassigned fund balance increased from \$30.6 as of the prior year.
- Fund Balance of the other non-major governmental funds total \$16.6 million, which consists of the following: \$1.5 million for the Donation Fund (Fund 21), \$3.4 for Food Service, \$.7 for the Debt Service Funds (Funds 38 and 39), Capital Projects of \$2.3 and Long-Term Capital Improvements of \$7.6 (Fund 46). Nonmajor funds totaled \$15.3 as of the prior fiscal year end. The Long-Term Capital Improvements Fund increased \$2.1 million over the prior year due to transfers in of \$2.0 million.

**SHEBOYGAN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

General Fund Budgetary Highlights

General Fund Revenues

- The final budget increased by approximately \$3.3 million over the original budget, primarily due to increases in federal and state revenues.
- Actual results exceeded final budget by \$640,293, or .5%, primarily due to increased local source revenue which includes interest and investment earnings.

General Fund Expenditures

- The final budget increased by approximately \$11.7 million over the original budget, primarily due to increases in regular instruction, instructional staff services, and operations and maintenance of plant.
- Actual results were less than budget by \$8.3 million, or 6.3%, primarily due to regular instruction, instructional staff services, and operations and maintenance of plant.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2023 fiscal year, the District had invested approximately \$175 million in a broad range of capital assets, including buildings, sites, furniture, and equipment. (See Table 4.) This amount was slightly higher than the investment in capital assets last year. Additional information about capital assets can be found in Note 2B. Total accumulated depreciation/amortization on these assets is \$84.1 million.

Table 4 – Property and Equipment

	Governmental Activities		Total Percent Change
	2023	2022	2023-22
Land	\$ 3,433,413	\$ 3,433,413	0.00%
Construction in Progress	388,555	1,891,164	-79.45%
Land Improvements	4,446,211	4,258,441	4.41%
Buildings/Building Improvements	153,861,238	150,904,918	1.96%
Equipment/Furniture	12,717,325	11,513,744	10.45%
Accumulated Depreciation/Amortization	(84,096,130)	(79,926,189)	5.22%
Total	\$ 90,750,612	\$ 92,075,491	-1.44%

Asset acquisitions in the current year include:

- Building remodeling, and upgrades to building HVAC systems.
- Equipment additions including information technology upgrades, and various equipment and vehicles.
- Land improvements including parking lot upgrades.

**SHEBOYGAN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Long-Term Debt

At year-end, the district had \$29.1 million in general obligation debt and other long-term debt outstanding (see Table 5). Additional information about the District's long-term obligations is presented in Note 2 D to the financial statements.

Table 5 – Outstanding Long-Term Obligations

	Total School District		Total Percent Change
	2023	2022	2023-22
General Obligation Debt	\$ 27,508,000	\$ 37,127,000	-25.91%
Other	1,592,719	1,469,250	8.40%
Total	\$ 29,100,719	\$ 38,596,250	-24.60%

- The District reduced the amount of outstanding general obligation bonds and notes during the current year by \$9.6 million.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Currently known circumstances that will impact the district's financial status in the future are:

- State's funding formula for supporting education
- The state of Wisconsin has an open enrollment law that allows students to attend the school district of their choice with few restrictions. The state adjusts each district's general state aid payment based on the number of students who transfer. Expansion of the state's private voucher program is being funded with dollars from the state education budget, reducing the funding for public schools.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mark Boehlke, Assistant Superintendent, Sheboygan Area School District, 3330 Stahl Road, Sheboygan WI 53081.

BASIC FINANCIAL STATEMENTS

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Primary Government Governmental Activities	Component Unit Sheboygan Public Education Foundation
ASSETS		
Cash and Investments	\$ 71,802,537	\$ 5,732,843
Receivables:		
Taxes	8,114,619	-
Accounts	87,843	-
Other Assets	372,000	-
Due from Other Governments	4,598,251	-
Prepaid Items	357,798	1,878
Net Other Postemployment Benefit Asset	42,802	-
Unconditional Promises to Give	30,000	10,707
Capital Assets:		
Nondepreciable/Nonamortizable	3,821,968	-
Depreciable/Amortizable, Net	86,928,644	3,346
Total Assets	176,156,462	5,748,774
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Advance Refunding	411,326	-
Pension Related Amounts	77,719,784	-
Other Postemployment Related Amounts	3,760,833	-
Total Deferred Outflows of Resources	81,891,943	-
LIABILITIES		
Accounts Payable	1,695,357	909,740
Accrued and Other Current Liabilities	2,844,261	1,121
Due to Employee Benefit Trust	1,109,000	-
Accrued Interest Payable	213,000	-
Unearned Revenues	102,130	-
Deposits Payable	3,063,373	-
Health and Dental Claims Payable	2,810,538	-
Long-Term Obligations:		
Due in One Year	2,634,805	-
Due in More than One Year	26,465,914	-
Other Postemployment Benefits Liability	4,346,681	-
Net Pension Liability	21,358,266	-
Total Liabilities	66,643,325	910,861
DEFERRED INFLOWS OF RESOURCES		
Pension Related Amounts	44,773,733	-
Other Postemployment Related Amounts	5,852,907	-
Total Deferred Inflows of Resources	50,626,640	-
NET POSITION		
Net Investment in Capital Assets	61,818,520	3,346
Restricted:		
Programs, Equipment, and Other	1,421,232	-
Food Service Programs	3,377,074	-
Community Service Programs	1,224,403	-
Capital Projects	2,617,311	-
Long-Term Capital Projects	7,607,053	-
Retirement of Long-Term Debt	482,836	-
Net Other Postemployment Benefit Asset	42,802	-
Available for Programs and Scholarships	-	2,148,543
Permanently Restricted For Scholarships	-	692,504
Unrestricted	62,187,209	1,993,520
Total Net Position	\$ 140,778,440	\$ 4,837,913

See accompanying Notes to Basic Financial Statements.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
STATEMENT OF ACTIVITIES**

Functions/Programs	Expenses	Program Revenues			Primary Government	Component
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	Unit
					Governmental Activities	Sheboygan Public Education Foundation
GOVERNMENTAL ACTIVITIES						
Instruction	\$ 84,148,474	\$ 3,185,587	\$ 15,509,535	\$ -	\$ (65,453,352)	\$ -
Support Services	55,576,783	306,091	14,600,156	-	(40,670,536)	-
Community Services	2,462,165	490,415	730,498	-	(1,241,252)	-
Nonprogram	15,855,714	-	-	-	(15,855,714)	-
Interest and Fiscal Charges	942,006	-	-	-	(942,006)	-
Depreciation/Amortization - Unallocated	4,408,514	-	-	-	(4,408,514)	-
Total Governmental Activities	\$ 163,393,656	\$ 3,982,093	\$ 30,840,189	\$ -	(128,571,374)	-
Component Unit:						
Sheboygan Public Education Foundation	\$ 325,596	\$ -	\$ 216,406	\$ -	-	(109,190)
GENERAL REVENUES						
Property Taxes					33,505,156	-
Other Taxes					51,399	-
State and Federal Aids not Restricted to Specific Functions					95,768,621	-
Interest and Investment Earnings					2,032,025	293,429
Gain on Disposal of Capital Assets					37,145	-
Miscellaneous					1,258,198	-
Total General Revenues					132,652,544	293,429
CHANGE IN NET POSITION					4,081,170	184,239
Net Position - Beginning of Year, as Originally Reported					137,853,949	4,653,674
Prior Period Adjustment					(1,156,679)	-
Net Position - Beginning of Year, Restated					136,697,270	4,653,674
NET POSITION - END OF YEAR					\$ 140,778,440	\$ 4,837,913

See accompanying Notes to Basic Financial Statements.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Other Governmental Funds	Total
ASSETS			
Cash and Investments	\$ 56,946,792	\$ 14,855,745	\$ 71,802,537
Receivables:			
Taxes	8,114,619	-	8,114,619
Accounts	80,678	37,165	117,843
Due from Other Funds	74,321	2,000,000	2,074,321
Other Assets	372,000	-	372,000
Due from Other Governments	4,235,631	362,620	4,598,251
Prepaid Items	194,617	163,181	357,798
	\$ 70,018,658	\$ 17,418,711	\$ 87,437,369
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,193,054	\$ 502,303	\$ 1,695,357
Accrued and Other Current Liabilities	2,746,104	98,157	2,844,261
Due to Other Funds	2,000,000	74,321	2,074,321
Due to Employee Benefit Trust	1,109,000	-	1,109,000
Unearned Revenues	-	102,130	102,130
Deposits Payable	3,062,510	863	3,063,373
Health and Dental Claims Payable	2,779,010	31,528	2,810,538
Total Liabilities	12,889,678	809,302	13,698,980
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Other Receivables	-	30,000	30,000
FUND BALANCES			
Nonspendable	194,617	163,181	357,798
Restricted	-	16,416,228	16,416,228
Committed	5,168,350	-	5,168,350
Assigned	20,986,019	-	20,986,019
Unassigned	30,779,994	-	30,779,994
Total Fund Balances	57,128,980	16,579,409	73,708,389
	\$ 70,018,658	\$ 17,418,711	\$ 87,437,369
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 70,018,658	\$ 17,418,711	\$ 87,437,369

See accompanying Notes to Basic Financial Statements.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
RECONCILIATION TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2023**

Total Fund Balances as Shown on Previous Page \$ 73,708,389

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 90,750,612

Unconditional promises to give are not current financial resources and therefore not reported in the funds. 30,000

Long-term assets are not available; therefore, are not reported in the funds:

Other Postemployment Benefits Asset 42,802

Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.

Loss on Advance Refunding	411,326
Deferred Outflows Related to Pensions	77,719,784
Deferred Inflows Related to Pensions	(44,773,733)
Deferred Outflows Related to Other Postemployment Benefits	3,760,833
Deferred Inflows Related to Other Postemployment Benefits	(5,852,907)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds Payable	(27,508,000)
Premium on Debt	(409,726)
Lease Liability	(543,881)
Compensated Absences	(639,112)
Other Postemployment Benefits Liability	(4,346,681)
Net Pension Liability	(21,358,266)
Accrued Interest on Long-Term Obligations	<u>(213,000)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position \$ 140,778,440

See accompanying Notes to Basic Financial Statements.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	General	Other Governmental Funds	Total
REVENUES			
Property Taxes	\$ 20,748,465	\$ 12,808,090	\$ 33,556,555
Other Local Sources	3,288,373	2,488,060	5,776,433
Interdistrict Sources	1,806,661	-	1,806,661
Intermediate Sources	73,181	-	73,181
State Sources	103,721,245	73,826	103,795,071
Federal Sources	15,369,748	5,825,792	21,195,540
Other Sources	1,043,499	190,741	1,234,240
Total Revenues	<u>146,051,172</u>	<u>21,386,509</u>	<u>167,437,681</u>
EXPENDITURES			
Instruction:			
Regular Instruction	53,339,211	243,170	53,582,381
Vocational Instruction	2,901,898	48,692	2,950,590
Special Education Instruction	16,999,275	-	16,999,275
Other Instruction	5,034,136	878,827	5,912,963
Total Instruction	<u>78,274,520</u>	<u>1,170,689</u>	<u>79,445,209</u>
Support Services:			
Pupil Services	8,278,443	103,800	8,382,243
Instructional Staff Services	4,996,119	11,018	5,007,137
General Administration Services	1,900,871	-	1,900,871
School Administration Services	7,274,821	19,837	7,294,658
Business Services	2,923,491	-	2,923,491
Operations and Maintenance of Plant	17,309,087	1,978,172	19,287,259
Pupil Transportation Services	2,249,410	125,187	2,374,597
Food Services	-	6,027,336	6,027,336
Central Services	643,439	3,667	647,106
Insurance	845,645	61,354	906,999
Other Support Services	2,690,647	2,904	2,693,551
Total Support Services	<u>49,111,973</u>	<u>8,333,275</u>	<u>57,445,248</u>
Debt Service:			
Principal	166,638	9,619,000	9,785,638
Interest and Fiscal Charges	20,139	911,531	931,670
Total Debt Service	<u>186,777</u>	<u>10,530,531</u>	<u>10,717,308</u>
Community Service	-	2,060,575	2,060,575
Nonprogram:			
General Tuition Payments	10,994,906	-	10,994,906
Special Education Tuition Payments	187,297	-	187,297
Adjustments and Refunds	82,482	-	82,482
Private School Choice Payments	4,559,972	-	4,559,972
Revenue Transits to Others	31,057	-	31,057
Total Nonprogram	<u>15,855,714</u>	<u>-</u>	<u>15,855,714</u>
Total Expenditures	<u>143,428,984</u>	<u>22,095,070</u>	<u>165,524,054</u>
Excess (Deficiency) of Revenues Over Expenditures	2,622,188	(708,561)	1,913,627
OTHER FINANCING SOURCES (USES)			
Leases Issued	418,014	-	418,014
Proceeds from Sale of Capital Assets	110,848	9,508	120,356
Transfers In	-	2,017,175	2,017,175
Transfers Out	(2,017,175)	-	(2,017,175)
Total Other Financing Sources (Uses)	<u>(1,488,313)</u>	<u>2,026,683</u>	<u>538,370</u>
NET CHANGE IN FUND BALANCES	1,133,875	1,318,122	2,451,997
Fund Balances - Beginning of Year	<u>55,995,105</u>	<u>15,261,287</u>	<u>71,256,392</u>
FUND BALANCES - END OF YEAR	<u>\$ 57,128,980</u>	<u>\$ 16,579,409</u>	<u>\$ 73,708,389</u>

See accompanying Notes to Basic Financial Statements.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
RECONCILIATION TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	2023
Net Change in Fund Balances as Shown on Previous Page	\$ 2,451,997
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.</p>	
Capital Assets Reported as Expenditures in Governmental Fund Statements	3,169,397
Depreciation/Amortization Expense Reported in the Statement of Activities	(4,408,514)
Net Book Value of Disposals	(85,762)
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>	
Leases Issued	(418,014)
Bond Principal Repaid	9,619,000
Lease Liability - Principal Repaid	166,638
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>	
Accrued Interest on Long-Term Debt	82,500
Amortization of Premiums and Loss on Advance Refunding	(92,836)
Compensated Absences	87,442
Net Pension Asset (Liability)	(54,304,537)
Deferred Outflows of Resources Related to Pensions	15,388,080
Deferred Inflows of Resources Related to Pensions	32,912,898
Other Postemployment Benefits	1,972,414
Deferred Outflows of Resources Related to Other Postemployment Benefits	(561,109)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(1,898,424)
Change in Net Position of Governmental Activities as Reported in the Statement of Activities	\$ 4,081,170

See accompanying Notes to Basic Financial Statements.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	Employee Benefit Trust
ASSETS	
Cash and Investments	\$ 31,411,997
Due from District	1,109,000
Total Assets	32,520,997
 LIABILITIES	
Accounts Payable	179,712
Other	838
Total Liabilities	180,550
 NET POSITION	
Restricted for Retiree Benefits	\$ 32,340,447

See accompanying Notes to Basic Financial Statements.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2023**

	<u>Employee Benefit Trust</u>
ADDITIONS	
Contributions:	
Employer Contributions	\$ 1,109,000
Investment Earnings	<u>736,449</u>
Total Additions	1,845,449
 DEDUCTIONS	
Benefit Payments	1,070,687
Administrative Costs	<u>5,174</u>
Total Deductions	<u>1,075,861</u>
 CHANGE IN NET POSITION	 <u>769,588</u>
Net Position - Beginning of Year, as Originally Reported	25,410,289
Prior Period Adjustment	<u>6,160,570</u>
Net Position - Beginning of Year, Restated	<u>31,570,859</u>
 NET POSITION - END OF YEAR	 <u><u>\$ 32,340,447</u></u>

See accompanying Notes to Basic Financial Statements.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Sheboygan Area School District, Sheboygan, Wisconsin (the District), have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The District is organized as a unified school district. The District, governed by an elected nine member board, operates grades K through 12 and is comprised of all or parts of seven taxing districts. In accordance with U.S. GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has identified the following component unit that is required to be included in the basic financial statements in accordance with standards.

Sheboygan Public Education Foundation

The component unit column in the district-wide financial statements provides the financial data for the Sheboygan Public Education Foundation, Inc. The component unit is reported in a separate column to emphasize that it is legally separate from the District.

The Sheboygan Public Education Foundation, Inc. exists for the purpose of raising money and generating contributions from the members of the Sheboygan community to enhance the student educational opportunities. The Sheboygan Public Education Foundation, Inc. is reported as a component unit because it raises and holds economic resources almost entirely for the direct benefit of the District or its constituents. Complete financial statements for the component unit can be obtained from the Sheboygan Public Education Foundation, Inc., 605 N. 8th Street, Suite 214, Sheboygan, Wisconsin 53081.

B. Government-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are primarily supported by taxes and intergovernmental revenues.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

General Fund – This is the District’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Additionally, the District reports the following fiduciary fund type:

- ▶ The *employee benefit trust fund* is used to account for resources legally held in trust for other postemployment benefits.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers intergovernmental grant revenues to be available if they are collected within 120 days and all other revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Asset, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

2. Property Taxes

The aggregate District tax levy is apportioned and certified in November 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 must be paid in full or in two or more installments with the first installment payable 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 is 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 fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment, and full receipt of the entire levy is assured within sixty days of fiscal year-end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

3. Accounts Receivable

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

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

5. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the periods benefited.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Asset, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

6. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, and equipment assets, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year.

Capital assets are capitalized and reported at cost or estimated historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other tangible and intangible property, equipment and right-to-use lease assets are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities	Component Unit
Land Improvements	20 Years	-
Buildings and Improvements	20 to 45 Years	-
Machinery and Equipment	5 to 20 Years	5 to 7 Years

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term of the useful life of the underlying asset.

7. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the district-wide financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

8. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net assets by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net assets that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Asset, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

8. Deferred Outflows/Inflows of Resources (Continued)

Governmental funds may report deferred inflows of resources for unavailable revenues. The District reports unavailable revenues for other receivables, which arises only under the modified accrual basis of accounting. These inflows are recognized as revenues in the district-wide financial statements.

9. Long-Term Obligations

In the district-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds 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.

10. Pensions

Wisconsin Retirement System

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

Information about the fiduciary net position of the WRS and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Asset, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Other Postemployment Benefits Other Than Pensions (OPEB)

Single-Employer Defined Postemployment Benefit Plan

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

Local Retiree Life Insurance Fund

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, OPEB expense (revenue). 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 member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance. Amounts that are not in spendable form (such as prepaid items or long-term receivables) or are legally or contractually required to remain intact.

Restricted Fund Balance. Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

Committed Fund Balance. Amounts that are constrained for specific purposes by action of the board of education. These constraints can only be removed or changed by the board of education using the same action that was used to create them.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Asset, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

13. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

Assigned Fund Balance. Amounts that are constrained for specific purposes by action of District management. The board of education has not authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.

Unassigned Fund Balance. Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

District-Wide Statements

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

Net Investment in Capital Assets. Amount of capital assets, net of accumulated depreciation/amortization, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

Restricted Net Position. Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position. Net position that is neither classified as restricted nor as net investment in capital assets.

E. Use of Estimates

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

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The debt service funds, capital project funds, and employee benefit trust funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. All other funds share in common bank and investment accounts.

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state, and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the employee benefit trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

The carrying amount of the District's cash and investments totaled \$103,214,534 on June 30, 2023 as summarized below:

Primary Government:	
Petty Cash and Cash on Hand	\$ 6,421
Deposits with Financial Institutions	71,650,413
Investments:	
Money Market Mutual Funds	66,622
Fixed Income Mutual Funds	27,612,652
Equity Funds	3,732,723
Beneficial Interest In Assets Held By Foundation	145,703
Total	<u>\$ 103,214,534</u>

Component Unit:	
Deposits with Financial Institutions	\$ 5,524
Investments:	
Cash and Cash Equivalents	645,914
Equity Funds	2,063,346
Taxable Bonds	3,018,059
Total	<u>\$ 5,732,843</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 71,802,537
Fiduciary Fund Statement of Net Position:	
Cash and Investments	31,411,997
Total	<u>\$ 103,214,534</u>

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of June 30, 2023:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
Primary Government:			
Money Market Mutual Funds	\$ -	\$ 66,622	\$ -
Fixed Income Mutual Funds	-	27,612,652	-
Equity Funds	-	3,732,723	-
Beneficial Interest in Assets Held by Foundation	-	-	145,703
Total Investments by Fair Value Level	\$ -	\$ 31,411,997	\$ 145,703
Component Unit:			
Component Unit:			
Equity Funds	\$ -	\$ 2,063,346	\$ -
Taxable Bonds	-	3,018,059	-
Total Investments by Fair Value Level	\$ -	\$ 5,081,405	\$ -

Deposits and investments of the District are subject to various risks. Presented below is a discussion of the District's deposits and investments and the related risks.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. 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. This coverage has been considered in determining custodial credit risk.

As of June 30, 2023, \$70,972,786 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. The entire amount was collateralized with securities held by the pledging financial institution or its trust department or agent but not in the District's name.

As of June 30, 2023, the carrying amount and bank balance of the component unit's cash and investments was \$5,524. None of the component unit's deposits with financial institutions were in excess of federal depository limits and uncollateralized.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The District has no further credit risk policy. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Primary Government:					
Fixed Income Mutual Funds	\$ 27,612,652	\$ -	\$ -	\$ -	\$ 27,612,652
Equity Funds	3,732,723	-	-	-	3,732,723
Money Market Mutual Funds	66,622	-	-	-	66,622
Totals	<u>\$ 31,411,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,411,997</u>

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. At June 30, 2023, the District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. 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.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Primary Government:					
Fixed Income Mutual Funds	\$ 27,612,652	\$ 27,612,652	\$ -	\$ -	\$ -
Equity Funds	3,732,723	3,732,723	-	-	-
Money Market Mutual Funds	66,622	66,622	-	-	-
Totals	<u>\$ 31,411,997</u>	<u>\$ 31,411,997</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Beneficial Interest in Investments Held by Foundation

Beneficial interest in investments held by foundation represent amounts held at the Sheboygan Public Education Foundation. These investments are legal assets of the Foundation with restriction that the Foundation make distributions to the District, in accordance with its spending policy.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

Capital asset activity was as follows for the year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, Nondepreciable/Nonamortizable:				
Land	\$ 3,433,413	\$ -	\$ -	\$ 3,433,413
Construction in Progress	1,891,164	184,007	1,686,616	388,555
Total Capital Assets, Nondepreciable/Nonamortizable	5,324,577	184,007	1,686,616	3,821,968
Capital Assets, Depreciable/Amortizable:				
Land Improvements	4,258,441	187,770	-	4,446,211
Buildings and Improvements	150,904,918	3,069,338	113,018	153,861,238
Machinery and Equipment	11,048,197	996,884	109,665	11,935,416
Leased Equipment (Right-to-Use)	465,547	418,014	101,652	781,909
Subtotals	166,677,103	4,672,006	324,335	171,024,774
Less Accumulated Depreciation/Amortization for:				
Land Improvements	2,704,185	100,449	-	2,804,634
Buildings and Improvements	70,341,985	2,968,825	43,171	73,267,639
Machinery and Equipment	6,715,762	1,091,200	93,755	7,713,207
Leased Equipment (Right-to-Use)	164,257	248,040	101,647	310,650
Subtotals	79,926,189	4,408,514	238,573	84,096,130
Total Capital Assets, Depreciable/Amortizable, Net	86,750,914	263,492	85,762	86,928,644
Governmental Activities Capital Assets, Net	<u>\$ 92,075,491</u>	<u>\$ 447,499</u>	<u>\$ 1,772,378</u>	90,750,612
Less: Capital Related Debt				27,508,000
Less: Debt Premium				409,726
Less: Lease Liability				543,881
Less: Accounts Payable				881,811
Add: Loss on Advance Refunding				<u>411,326</u>
Net Investment in Capital Assets				<u>\$ 61,818,520</u>

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

Component Unit	Beginning Balance	Additions	Decreases	Ending Balance
Capital Assets, Depreciable:				
Machinery and Equipment	\$ 27,211	\$ 2,218	\$ 486	\$ 28,943
Less Accumulated Depreciation for:				
Machinery and Equipment	25,620	463	486	25,597
Component Unit Capital Assets, Net	<u>\$ 1,591</u>	<u>\$ 1,755</u>	<u>\$ -</u>	<u>\$ 3,346</u>

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation/amortization expense.

C. Interfund Receivable, Payables, and Transfers

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:

	Interfund Receivables	Interfund Payables
Governmental Funds		
General	\$ 74,321	\$ 2,000,000
Nonmajor Special Revenue Funds:		
Food Service	-	19,278
Community Service	-	55,043
Nonmajor Capital Project Funds:		
Long-Term Capital Improvements	2,000,000	-
Total	<u>\$ 2,074,321</u>	<u>\$ 2,074,321</u>

The purpose of these interfund receivables and payables is to account for the time lag between the dates transactions are recorded in the accounting system and payments between funds are made.

Interfund transfers were as follows for the year ended June 30, 2023:

Funds	Transfer In	Transfer Out
General	\$ -	\$ 2,017,175
Nonmajor Fund		
Long-Term Capital Projects	2,000,000	-
Capital Projects	17,175	-
Total	<u>\$ 2,017,175</u>	<u>\$ 2,017,175</u>

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivable, Payables, and Transfers (Continued)

Interfund transfers were made for the following purposes:

To move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them	\$ 17,175
To transfer money to long-term capital projects	<u>2,000,000</u>
Total	<u><u>\$ 2,017,175</u></u>

D. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2023, as restated:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 37,127,000	\$ -	\$ 9,619,000	\$ 27,508,000	\$ 2,452,000
Debt Premium	450,191	-	40,465	409,726	42,898
Lease Liability	292,505	418,014	166,638	543,881	139,907
Compensated Absences	726,554	12,242	99,684	639,112	-
Governmental Activities Long-Term Obligations	<u>\$ 38,596,250</u>	<u>\$ 430,256</u>	<u>\$ 9,925,787</u>	<u>\$ 29,100,719</u>	<u>\$ 2,634,805</u>

Total interest paid during the year on long-term debt totaled \$931,670.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/23
Bonds					
General Obligation Bonds	3/7/17	3/1/36	3.50 - 3.625%	\$ 8,620,000	\$ 4,615,000
General Obligation Bonds	5/17/17	3/1/34	3.00 - 3.50%	9,975,000	9,975,000
General Obligation Bonds	1/4/21	3/1/25	0.75 - 1.00%	8,337,000	4,382,000
General Obligation Bonds	1/4/21	3/1/30	1.54%	8,941,000	8,536,000
Total Outstanding General Obligation Debt					<u>\$ 27,508,000</u>

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Annual principal and interest maturities of the outstanding general obligation debt of \$27,508,000 on June 30, 2023 are detailed below:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,452,000	\$ 639,091	\$ 3,091,091
2025	2,073,000	616,551	2,689,551
2026	1,840,000	595,821	2,435,821
2027	1,865,000	573,189	2,438,189
2028	1,883,000	550,250	2,433,250
2029-2033	10,785,000	2,182,685	12,967,685
2034-2036	6,610,000	435,519	7,045,519
Total	<u>\$ 27,508,000</u>	<u>\$ 5,593,107</u>	<u>\$ 33,101,107</u>

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

Cash Defeasance

The District placed \$3,982,722 into an irrevocable trust to in-substance defease \$4,005,000 of a general obligation bond issued in 2017. The amount placed in the trust was used to defease a portion of the principal balance due in 2025 and will make the required principal payment when due. The resources placed into the irrevocable trust fund were used to purchase United State Treasury Certificates of Indebtedness, Notes and/or Bonds – State and Local Government Series (SLGs). As a result, the portion of the 2017 principal payment is considered to be defeased and the liability has been removed from the financial statements. The cash defeasance transaction was undertaken to reduce future interest payments by \$223,050.

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2023 was \$488,059,416 as follows:

Equalized Valuation of the District	\$ 5,155,674,159
Statutory Limitation Percentage	<u>10%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	515,567,416
Total Outstanding General Obligation Debt Applicable to Debt Limitation	27,508,000
Legal Margin for New Debt	<u>\$ 488,059,416</u>

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Leases Liability

The District leases various equipment for under long-term, noncancelable lease agreements. The leases expire at various dates through 2028.

Total principal and interest costs for such leases for governmental funds were \$186,777 for the year ended June 30, 2023. The future remaining principal and interest payments for these agreements are as follows:

<u>Year Ending June 30,</u>	Governmental Activities		
	Principal	Interest	Total
2024	\$ 139,907	\$ 19,926	\$ 159,833
2025	148,107	13,441	161,548
2026	131,555	7,612	139,167
2027	112,232	2,605	114,837
2028	12,080	223	12,303
Total	<u>\$ 543,881</u>	<u>\$ 43,807</u>	<u>\$ 587,688</u>

Right-to-use assets acquired through outstanding leases are shown in Note 2.B.

E. Pension Plan

1. WRS Pension 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.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

1. WRS Pension Plan Description (Continued)

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.

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.

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.

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.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

Postretirement 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%	22.0%
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 year ended June 30, 2023, the WRS recognized \$4,912,898 in contributions from the District.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

1. WRS Pension Plan Description (Continued)

Contributions (Continued)

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.80%	6.80%

Pension Assets, Liabilities, 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 \$21,358,266 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 0.40316083%, which was a decrease of 0.00559251% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$10,889,772.

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 Expected and Actual Experience	\$ 34,017,100	\$ 44,690,832
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	36,282,762	-
Changes in Assumptions	4,199,919	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	246,661	82,901
Employer Contributions Subsequent to the Measurement Date	2,973,342	-
Total	<u>\$ 77,719,784</u>	<u>\$ 44,773,733</u>

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

1. WRS Pension Plan Description (Continued)

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

\$2,973,342 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Expense</u>
2024	\$ 1,254,707
2025	6,218,696
2026	6,397,515
2027	16,101,791
Total	<u>\$ 29,972,709</u>

Actuarial Assumptions

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

Actuarial Valuation Date:	December 31, 2021
Measurement Date of Net Pension Liability:	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

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

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

1. WRS Pension Plan Description (Continued)

Actuarial Assumptions (Continued)

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

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Public Equity	48.0 %	7.6%	5.0%
Public Fixed Income	25.0	5.3%	2.7%
Inflation Sensitive	19.0	3.6%	1.1%
Real Estate	8.0	5.2%	2.6%
Private Equity/Debt	15.0	9.6%	6.9%
Cash	(15.0)	N/A	N/A
Total Core Fund	100.0 %	7.4%	4.8%
Variable Fund Asset Class:			
U.S. Equities	70.0 %	7.2%	4.6%
International Equities	30.0	8.1%	5.5%
Total Variable Fund	100.0 %	7.7%	5.1%

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5%

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

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

1. WRS Pension Plan Description (Continued)

Actuarial Assumptions (Continued)

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

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8% as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 70,887,390	\$ 21,358,266	\$ (12,713,522)

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Pension Plan (Continued)

1. WRS Pension Plan Description (Continued)

Actuarial Assumptions (Continued)

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>.

Payable to the Pension Plan

The District reported a payable of \$1,827,892 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2023.

F. Other Postemployment Benefits

The District reports OPEB related balances at June 30, 2023 as summarized below:

	OPEB Asset	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Local Retiree Life Insurance Fund (LRLIF)	\$ -	\$ 4,346,681	\$ 1,648,646	\$ 3,066,464	\$ 415,902
Single-Employer Defined OPEB Plan	42,802	-	2,112,187	2,786,443	94,106
Total OPEB Liability	<u>\$ 42,802</u>	<u>\$ 4,346,681</u>	<u>\$ 3,760,833</u>	<u>\$ 5,852,907</u>	<u>\$ 510,008</u>

1. Single-Employer Defined Postemployment Benefit Plan

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below. The Plan does not issue separate financial statements.

Benefits Provided

The District will contribute towards the retiree's premiums for medical and prescription drug premiums based on predetermined percentages until eligibility for Medicare or death.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	47
Active Employees	993
Total	1,040

Contributions

The District did not make any contributions for the year ended June 30, 2023. Information regarding eligibility and benefit terms are as follows:

Administrators

At Least 55 Years of Age and 10 Years of Service
Retire by June 30, 2013
Medical and Prescription Drug Insurance Contributions

Years of Service	Percent Contribution
10 Years	60%
15 Years	75%
20 Years	85%
25 Years	95%
30 or More Years	100%

Teachers

At Least 55 Years of Age and 10 Years of Service
Retire by June 30, 2013
Medical and Prescription Drug Insurance Contributions

Years of Service	Percent Contribution
15 Years	60%
20 Years	65%
25 Years	70%
30 Years	75%
35 or More Years	80%

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Contributions (Continued)

Support Staff

At Least 55 Years of Age and 10 Years of Service
Retire by June 30, 2013, District will Contribute of 88% of
Medical Premiums and 90% of Dental Premiums

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return, net of investment expenses, was 5.79%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Asset

The District's net OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022.

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

Inflation:	2.50%
Salary Increases	Ranges from 0.1% to 5.0%
Investment Rate of Return	4.00%
Healthcare Cost Trend Rates	6.5% Decreasing by 0.10% Per Year Down to 5.0%, and Level Thereafter

Mortality rates are the same as those used in the December 31, 2018 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the June 30, 2021 valuation were based on the "Wisconsin Retirement System 2015 – 2017 Experience Study".

The long-term expected rate of return on OPEB plan investments was valued at 4.00%. A blend of expected earnings on District funds and the current yield for 20 year tax-exempt AA Municipal bond rate or higher as of the measurement date was used for all years of benefit payments.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

Net OPEB Asset (Continued)

Discount Rate. The discount rate used to measure the total OPEB liability was 4.00%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2021	\$ 2,005,867	\$ 2,533,491	\$ (527,624)
Changes for the Year:			
Service Cost	87,359	-	87,359
Interest	76,568	-	76,568
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions or Other Input	-	-	-
Contributions - Employer	-	-	-
Net Investment Income	-	(320,895)	320,895
Benefit Payments	(270,689)	(270,689)	-
Administrative Expense	-	-	-
Adjustment	-	-	-
Net Changes	<u>(106,762)</u>	<u>(591,584)</u>	<u>484,822</u>
Balance at June 30, 2022	<u>\$ 1,899,105</u>	<u>\$ 1,941,907</u>	<u>\$ (42,802)</u>

Fiduciary Net Position as a percentage of the Total OPEB Liability 102.25%

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate.

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current rate:

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

	1% Decrease to Discount Rate (3.00%)	Current Discount Rate (4.00%)	1% Increase to Discount Rate (5.00%)
Net OPEB Liability (Asset)	\$ 35,189	\$ (42,802)	\$ (119,130)

Changes in the Net OPEB Liability (Asset) (Continued)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 4.0%) or 1-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (5.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)	1% Increase (7.5% Decreasing to 6.0%)
Net OPEB Liability (Asset)	\$ (182,382)	\$ (42,802)	\$ 117,058

OPEB Plan Fiduciary Net Position. Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements.

OPEB Plan Information. At June 30, 2023, the Plan's total OPEB liability was \$1,913,252 and fiduciary net position was \$1,903,422, resulting in a net OPEB liability of \$9,830. The net OPEB liability for purposes of Plan reporting was measured at June 30, 2023 and the total OPEB liability was determined using an actuarial valuation at June 30, 2022. Plan fiduciary net position was 99.49% of the total OPEB liability.

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$94,106. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

1. Single-Employer Defined Postemployment Benefit Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,136,573	\$ 2,323,215
Changes in Assumptions	769,095	463,228
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	206,519	-
Total	\$ 2,112,187	\$ 2,786,443

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

Year Ending June 30,	Expense
2024	\$ 15,820
2025	(45,589)
2026	(91,760)
2027	1,804
2028	(81,561)
Thereafter	(472,970)
Total	\$ (674,256)

Payable to the OPEB Plan

The District reported a payable of \$-0- for the outstanding amount of contribution to the plan required for the year ended June 30, 2023.

2. Local Retiree Life Insurance Fund

Plan Description

The LRLIF is a multiple-employer cost-sharing 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

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Insurance Board have statutory authority for program administration and oversight. The plan provides postemployment 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>Employer Contribution</u>
50% Postretirement Coverage	40% of Member Contribution
25% Postretirement Coverage	20% of Member Contribution

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

Contributions (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2022 are listed below:

Life Insurance Member Contribution Rates Year Ended December 31, 2022		
Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30 - 34	0.06	0.06
35 - 39	0.07	0.07
40 - 44	0.08	0.08
45 - 49	0.12	0.12
50 - 54	0.22	0.22
55 - 59	0.39	0.39
60 - 64	0.49	0.49
65 - 69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$22,891 in contributions from the employer.

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

At June 30, 2023, the District reported a liability of \$4,346,681 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 benefits 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 1.14091300%, which was a decrease of 0.01027% from its proportion measured as of December 31, 2021.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

For the year ended June 30, 2023, the District recognized OPEB expense (revenue) of \$415,902.

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 Expected and Actual Experience	\$ -	\$ 425,395
Net Differences Between Projected and Actual Earnings on OPEB Plan Investments	81,562	-
Changes in Assumptions	1,561,668	2,565,734
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	5,416	75,335
Total	<u>\$ 1,648,646</u>	<u>\$ 3,066,464</u>

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>Expense</u>
2024	\$ (107,704)
2025	(138,591)
2026	(68,055)
2027	(273,505)
2028	(431,025)
Thereafter	(398,938)
Total	<u>\$ (1,417,818)</u>

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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, unless otherwise specified:

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

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

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

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.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return %</u>
U.S. Intermediate Credit Bonds	Bloomberg US Interim Credit	50%	2.45%
U.S. Mortgages	Bloomberg US 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%.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Other Postemployment Benefits (Continued)

2. Local Retiree Life Insurance Fund (Continued)

OPEB Liabilities, OPEB Expense (Revenue) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (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 Net OPEB Liability (Asset) to Changes in the Discount Rate. The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 3.76%, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	1% Decrease to Discount Rate (2.76%)	Current Discount Rate (3.76%)	1% Increase to Discount Rate (4.76%)
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ 5,926,240	\$ 4,346,681	\$ 3,136,133

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

Payable to the OPEB Plan

The District reported a payable of \$-0- for the outstanding amount of contribution to the plan required for the year ended June 30, 2023.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Defined Contribution Benefit Plan

The District has established and adopted the MidAmerica Administrative & Retirement Solutions, Inc. Health Reimbursement Arrangement (the "Plan") to enable eligible current participants and their dependents to be reimbursed tax-free for eligible medical and dental expenses. Additional information regarding eligibility and benefit terms are as follows:

Administrators

At Least 55 Years of Age and 10 Years of Service
Hired Prior to July 1, 2008 and Retiring after June 30, 2013
At Retirement \$2,500 Per Year of Service up to \$87,500

Hired after July 1, 2008 and Hired Prior to July 1, 2013
At Retirement \$1,500 up to \$52,500

Teachers

At Least 55 Years of Age and 10 Years of Service
Hired Prior to July 1, 2003
At Retirement \$2,000 Per Year of Service up to \$70,000

Hired Prior to July 1, 2013
At Retirement \$1,000 up to \$35,000

Support Staff

At Least 55 Years of Age and 10 Years of Service
Hired Prior to July 1, 1993 and Retiring after June 30, 2013
At Retirement \$1,000 Per Year of Service up to \$35,000

Hired after July 1, 1993 and Prior to July 1, 2013
At Retirement \$500 up to \$17,000

The District fully funded these benefits and these funds are held in a District sponsored account until fully vested. The District's contribution for the year ended June 30, 2023 for the teachers HRA plan was \$1,109,000. The plan does not allow for employee contributions. The expense for the year was \$5,175. There were \$568,698 of forfeitures recognized by the employer in the expenses during the year.

The plan was established by the Board of Education and is a single-employer defined contribution plan. The Board of Education can prospectively amend the plan by action at board meetings.

The District reported a payable of \$1,109,000 for the outstanding plan contributions to the Plan as of June 30, 2023.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Deferred Compensation Plans

The District offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to this plan are entirely from employee voluntary contributions. The District makes no employer contributions to this plan.

I. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2023, nonspendable fund balance was as follows:

	General	Nonmajor
Nonspendable:		
Prepaid Items	\$ 194,617	\$ 163,181

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2023, restricted fund balance was as follows:

Special Revenue Funds:	
Restricted for:	
Programs, Equipment, and Other	\$ 1,421,232
Food Service Programs	3,213,893
Community Service Programs	1,224,403
Debt Service Funds:	
Restricted for:	
Retirement of Long-Term Debt	695,836
Capital Projects Fund:	
Restricted for:	
Capital Projects	2,253,811
Long-Term Capital Projects	7,607,053
Total Restricted Fund Balance	\$ 16,416,228

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by district board action. At June 30, 2023, fund balance was committed as follows:

General Fund:

Committed for:

Self-Insurance	<u>\$ 5,168,350</u>
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Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At June 30, 2023, fund balance was assigned as follows:

General Fund:

Assigned for:

Subsequent Year's Budget	\$ 4,163,712
Software Purchases	27,698
Athletic or PE Facility Upgrades	1,109,655
Land Purchase	2,000,000
Phone System Purchase	65,063
Building Projects	10,538,394
Student Safety and Security	1,153,345
Teacher Credentialing for CAPP	83,251
Network Infrastructure and Security	944,203
Staff Diversity Training	194,659
Staff Recruitment	86,599
Marketing Initiative	66,112
ASPIRE Remodel and Equipment	7,690
Musical Instruments	9,241
ASB Operative Expenditures	27,265
ASB Operative Remodel and Equipment	509,132
Total	<u>\$ 20,986,019</u>

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. The amount of actual settlements has not exceeded the insurance coverage amounts in any of the three most recent years.

In addition to the above, the District has established the following risk management programs:

Self-Funded Insurance Program

The District has a self-insured health and dental benefit plan for its employees. The plan administrator, UMR, Incorporated (UMR) and Delta Dental are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The plan reports on a fiscal year ending June 30, 2023.

Accounting and budgeting requirements for the plan are established by the Wisconsin Department of Public Instruction. Currently, the plan is accounted for in the General Fund of the District.

As part of the medical and prescription drug coverage plan, the District purchases stop-loss coverage, which pays claims in excess of \$175,000 per individual and/or 125% of the annual estimated claims as provided by UMR. The District has no stop-loss coverage for dental care coverage of the plan.

At June 30, 2023, the District has reported a liability of \$2,810,538 which represents reported and unreported claims which were incurred on or before June 30, 2023, but were not paid by the District as of that date. The amounts not reported to the District were determined by the plan administrator. Changes in the claims liability for the years ended June 30, 2023 and 2022 are as follows:

	Liability July 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability June 30
2023	\$ 3,604,608	\$ 20,879,758	\$ 21,673,828	\$ 2,810,538
2022	3,004,836	21,779,684	21,179,912	3,604,608

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Contingencies

The District participates in a number of federal and state assisted grant programs 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 the terms of the grants. Management believes such disallowances, if any, would be immaterial.

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

C. Limitation on School District Revenues

Wisconsin Statutes limit the amount of revenues a school district 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 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.

D. Prior Period Adjustment

The District recorded a prior period adjustment to restate net position of the governmental activities for contributions that were reported in the defined benefit OPEB plan rather than in the HRA plan. This adjustment resulted in a reduction in the governmental activities beginning net position of \$1,156,679.

The District also recorded a prior period adjustment to restate net position of the employee benefits trust fund for amounts that were reported as liabilities. This adjustment resulted in an increase in the employee benefit trust fund beginning net position of \$6,160,570.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 OTHER INFORMATION (CONTINUED)

D. Employee Benefit Trust Fund

The District has an employee benefit trust fund to account for resources placed into a trust to assist in funding the District's OPEB benefits (See Note 2.F.) and the District's defined contribution plan for teachers, administrators, and support staff (see Note 2.G.). Following is the current year employee benefit trust fund activity for each plan:

	OPEB Plan	HRA	Total Employee Benefit Trust Fund
Assets			
Cash and Investments	\$ 2,065,743	\$ 29,346,254	\$ 31,411,997
Accounts Receivable	-	1,109,000	1,109,000
Total Assets	<u>2,065,743</u>	<u>30,455,254</u>	<u>32,520,997</u>
Liabilities			
Retiree Benefits Payable	161,483	18,229	179,712
Other	838	-	838
Total Liabilities	<u>162,321</u>	<u>18,229</u>	<u>180,550</u>
Net Position			
Restricted Net Position	<u>\$ 1,903,422</u>	<u>\$ 30,437,025</u>	<u>\$ 32,340,447</u>
	OPEB Plan	HRA	Total Employee Benefit Trust Fund
Contributions	\$ -	\$ 1,109,000	\$ 1,109,000
Investment Earnings	111,295	625,154	736,449
Benefit Payments	(149,780)	(920,907)	(1,070,687)
Administrative Costs	-	(5,174)	(5,174)
Net Change	<u>(38,485)</u>	<u>808,073</u>	<u>769,588</u>
Beginning Net Position	1,941,907	23,468,382	25,410,289
Prior Period Adjustment	-	6,160,570	6,160,570
Ending Net Position	<u>\$ 1,903,422</u>	<u>\$ 30,437,025</u>	<u>\$ 32,340,447</u>

REQUIRED SUPPLEMENTARY INFORMATION

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 20,759,666	\$ 20,759,666	\$ 20,748,465	\$ (11,201)
Other Local Sources	900,273	1,015,117	3,288,373	2,273,256
Interdistrict Sources	1,801,056	1,801,056	1,783,164	(17,892)
Intermediate Sources	-	76,524	63,216	(13,308)
State Sources	97,217,386	97,977,387	97,722,974	(254,413)
Federal Sources	12,056,693	14,398,960	12,604,176	(1,794,784)
Other Sources	550,303	583,573	1,042,209	458,636
Total Revenues	<u>133,285,378</u>	<u>136,612,284</u>	<u>137,252,577</u>	<u>640,293</u>
EXPENDITURES				
Instruction:				
Regular Instruction	52,637,001	54,276,498	53,333,205	943,293
Vocational Instruction	3,129,113	3,375,691	2,879,470	496,221
Other Instruction	4,849,955	4,918,417	4,799,511	118,906
Total Instruction	<u>60,616,069</u>	<u>62,570,606</u>	<u>61,012,186</u>	<u>1,558,420</u>
Support Services:				
Pupil Services	5,851,105	6,235,025	5,705,258	529,767
Instructional Staff Services	4,590,648	6,708,072	4,705,342	2,002,730
General Administration Services	1,779,202	2,219,061	1,900,871	318,190
School Administration Services	7,287,889	8,039,498	7,274,821	764,677
Business Services	3,159,434	2,922,389	2,889,697	32,692
Operations and Maintenance of Plant	13,530,711	18,881,274	17,306,140	1,575,134
Pupil Transportation Services	2,546,662	2,664,174	1,775,448	888,726
Central Services	767,473	1,045,182	631,435	413,747
Insurance	1,031,461	1,046,949	845,645	201,304
Other Support Services	2,414,210	2,889,674	2,634,412	255,262
Total Support Services	<u>42,958,795</u>	<u>52,651,297</u>	<u>45,669,069</u>	<u>6,982,228</u>
Debt Service:				
Principal	-	-	166,638	(166,638)
Interest and Fiscal Charges	-	-	20,139	(20,139)
Total Debt Service	<u>-</u>	<u>-</u>	<u>186,777</u>	<u>(186,777)</u>
Nonprogram:				
General Tuition Payments	10,789,326	10,886,165	10,994,906	(108,741)
Adjustments and Refunds	10,000	10,000	51,309	(41,309)
Voucher Payments	4,620,626	4,620,626	4,559,972	60,654
Total Nonprogram	<u>15,419,952</u>	<u>15,516,791</u>	<u>15,606,187</u>	<u>(89,396)</u>
Total Expenditures	<u>118,994,816</u>	<u>130,738,693</u>	<u>122,474,219</u>	<u>8,264,474</u>
Excess of Revenues Over Expenditures	14,290,562	5,873,591	14,778,358	8,904,767
OTHER FINANCING SOURCES (USES)				
Leases Issued	-	-	415,468	415,468
Proceeds from Sale of Capital Assets	-	107,847	110,848	3,001
Transfers Out	(14,290,562)	(14,363,678)	(14,170,799)	192,879
Total Other Financing Sources (Uses)	<u>(14,290,562)</u>	<u>(14,255,831)</u>	<u>(13,644,483)</u>	<u>611,348</u>
NET CHANGE IN FUND BALANCE	-	(8,382,241)	1,133,875	9,516,116
Fund Balance - Beginning of Year	<u>55,995,105</u>	<u>55,995,105</u>	<u>55,995,105</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 55,995,105</u>	<u>\$ 47,612,864</u>	<u>\$ 57,128,980</u>	<u>\$ 9,516,116</u>

See accompanying Notes to Required Supplementary Information.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND
BUDGETARY BASIS
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Interdistrict Sources	\$ -	\$ -	\$ 23,497	\$ 23,497
Intermediate Sources	-	-	9,965	9,965
State Sources	5,356,403	5,444,906	5,998,271	553,365
Federal Sources	3,244,443	3,297,332	2,765,572	(531,760)
Other Sources	-	-	1,290	1,290
Total Revenues	<u>8,600,846</u>	<u>8,742,238</u>	<u>8,798,595</u>	<u>56,357</u>
EXPENDITURES				
Instruction:				
Regular Instruction	-	-	6,006	(6,006)
Vocational Instruction	-	35,000	22,428	12,572
Special Education Instruction	18,765,578	18,815,966	16,999,275	1,816,691
Other Instruction	250,361	250,361	234,625	15,736
Total Instruction	<u>19,015,939</u>	<u>19,101,327</u>	<u>17,262,334</u>	<u>1,838,993</u>
Support Services:				
Pupil Services	2,737,055	2,737,971	2,573,185	164,786
Instructional Staff Services	296,859	369,994	290,777	79,217
Business Services	-	-	33,794	(33,794)
Operations and Maintenance of Plant	8,850	5,170	2,947	2,223
Pupil Transportation Services	621,900	681,314	473,962	207,352
Central Services	13,955	13,290	12,004	1,286
Other Support Services	56,850	56,850	56,235	615
Total Support Services	<u>3,735,469</u>	<u>3,864,589</u>	<u>3,442,904</u>	<u>421,685</u>
Nonprogram:				
Special Education Tuition Payments	140,000	140,000	187,297	(47,297)
Adjustments and Refunds	-	-	31,173	(31,173)
Revenue Transits to Others	-	-	31,057	(31,057)
Total Nonprogram	<u>140,000</u>	<u>140,000</u>	<u>249,527</u>	<u>(109,527)</u>
Total Expenditures	<u>22,891,408</u>	<u>23,105,916</u>	<u>20,954,765</u>	<u>2,151,151</u>
Excess of Revenues Under Expenditures	(14,290,562)	(14,363,678)	(12,156,170)	2,207,508
OTHER FINANCING SOURCES				
Leases Issued	-	-	2,546	2,546
Transfers In	14,290,562	14,363,678	12,153,624	(2,210,054)
Total Other Financing Sources	<u>14,290,562</u>	<u>14,363,678</u>	<u>12,156,170</u>	<u>(2,207,508)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Required Supplementary Information.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
SINGLE-EMPLOYER OTHER POSTEMPLOYMENT BENEFIT PLAN
LAST TEN FISCAL PERIODS***

	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability:								
Service Cost	\$ 87,359	\$ 87,359	\$ 771,399	\$ 899,144	\$ 837,223	\$ 382,661	\$ 406,258	\$ 406,258
Interest	76,568	76,568	584,740	665,055	716,083	395,672	401,034	422,346
Changes of Benefit Terms	-	-	(14,707,745)	-	-	6,538,851	26,531	-
Differences Between Expected and Actual Experience	-	-	(658,189)	(1,815,332)	-	1,948,413	(870,334)	-
Changes of Assumptions	-	-	421,465	(509,945)	184,529	529,547	(161,540)	-
Benefit Payments	(149,780)	(270,689)	(1,453,920)	(1,485,596)	(2,239,952)	(2,223,615)	(1,482,483)	(1,595,549)
Net Change in Total OPEB Liability	14,147	(106,762)	(15,042,250)	(2,246,674)	(502,117)	7,571,529	(1,680,534)	(766,945)
Total OPEB Liability - Beginning	1,899,105	2,005,867	17,048,117	19,294,791	19,796,908	12,225,379	13,905,913	14,672,858
Total OPEB Liability - Ending (a)	<u>\$ 1,913,252</u>	<u>\$ 1,899,105</u>	<u>\$ 2,005,867</u>	<u>\$ 17,048,117</u>	<u>\$ 19,294,791</u>	<u>\$ 19,796,908</u>	<u>\$ 12,225,379</u>	<u>\$ 13,905,913</u>
Plan Fiduciary Net Position:								
Contributions - Employer	\$ -	\$ -	\$ 2,819,500	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000	\$ 2,768,738	\$ 2,825,131
Net Investment Income	111,295	(320,895)	1,342,798	556,949	440,542	428,733	377,697	128,588
Benefit Payments	(149,780)	(270,689)	(1,453,920)	(1,485,596)	(2,239,952)	(2,223,615)	(1,482,483)	(1,595,549)
Administrative Expenses	-	-	(7,640)	(6,069)	(2,271)	(1,376)	(1,773)	(2,614)
Adjustment	-	-	(24,487,568)	-	-	4,021,954	-	-
Net Change in Plan Fiduciary Net Position	(38,485)	(591,584)	(21,786,830)	3,065,284	2,198,319	6,225,696	1,662,179	1,355,556
Plan Fiduciary Net Position - Beginning	1,941,907	2,533,491	24,320,321	21,255,037	19,056,718	12,831,022	11,168,843	9,813,287
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,903,422</u>	<u>\$ 1,941,907</u>	<u>\$ 2,533,491</u>	<u>\$ 24,320,321</u>	<u>\$ 21,255,037</u>	<u>\$ 19,056,718</u>	<u>\$ 12,831,022</u>	<u>\$ 11,168,843</u>
District's Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ 9,830</u>	<u>\$ (42,802)</u>	<u>\$ (527,624)</u>	<u>\$ (7,272,204)</u>	<u>\$ (1,960,246)</u>	<u>\$ 740,190</u>	<u>\$ (605,643)</u>	<u>\$ 2,737,070</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	99.49%	102.25%	126.30%	142.66%	110.16%	96.26%	104.95%	80.32%
Covered-Employee Payroll	\$ 66,819,573	\$ 66,819,573	\$ 66,819,573	\$ 66,550,521	\$ 65,078,619	\$ 65,078,619	\$ 66,702,430	\$ 53,022,605
District's Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	0.01%	-0.06%	-0.79%	-10.93%	-3.01%	1.14%	-0.91%	5.16%
Annual Money-Weighted Rate of Return on Net Investment Expenses	5.79%	-14.34%	10.00%	2.44%	2.19%	2.69%	3.15%	1.23%

*The amounts presented for each fiscal year were determined as of the current fiscal year-end. Amounts for prior years were not available.

See accompanying Notes to Required Supplementary Information.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
SINGLE-EMPLOYER OTHER POSTEMPLOYMENT BENEFIT PLAN
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution (ADC)	\$ 60,341	\$ 60,341	\$ 402,999	\$ -	\$ 1,636,566	\$ 1,848,868	\$ 1,848,868	\$ 2,509,762
Contributions in Relation to the ADC	-	-	2,819,500	4,000,000	4,000,000	4,000,000	2,768,738	2,825,131
Contribution Deficiency (Excess)	<u>\$ 60,341</u>	<u>\$ 60,341</u>	<u>\$ (2,416,501)</u>	<u>\$ (4,000,000)</u>	<u>\$ (2,363,434)</u>	<u>\$ (2,151,132)</u>	<u>\$ (919,870)</u>	<u>\$ (315,369)</u>
Covered-Employee Payroll	\$ 66,819,573	\$ 66,819,573	\$ 66,819,573	\$ 66,550,521	\$ 65,078,619	\$ 65,078,619	\$ 66,702,430	\$ 53,022,605
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	4.22%	6.01%	6.15%	6.15%	4.15%	5.33%
Key Methods and Assumption Used to Calculate ADC								
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value 30 Year	Market Value 30 Year	Market Value 30 Year	Market Value 1 Year	Market Value 2 Year	Market Value 2 Year	Market Value 2 Year	Market Value 2 Year
Amortization Method	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar	Level Dollar
Discount Rate	4.00%	4.00%	3.50%	3.75%	3.00%	3.00%	5.50%	5.50%
Inflation	2.00%	2.00%	2.00%	2.50%	2.50%	2.50%	3.00%	3.00%

*The amounts presented for each fiscal year were determined as of the current fiscal year-end. Amounts for prior years were not available.

See accompanying Notes to Required Supplementary Information.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
LAST TEN MEASUREMENT PERIODS**

Plan Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.47588675%	\$ (11,689,081)	\$ 64,314,368	18.17%	102.74%
12/31/15	0.46905920%	7,622,121	66,454,191	11.47%	98.20%
12/31/16	0.46002190%	3,791,679	65,445,050	5.79%	99.12%
12/31/17	0.45540479%	(13,521,508)	66,254,998	20.41%	102.93%
12/31/18	0.44474161%	15,822,512	67,026,153	23.61%	96.45%
12/31/19	0.43502303%	(14,027,128)	67,783,841	20.69%	102.96%
12/31/20	0.42153620%	(26,317,089)	67,893,370	38.76%	105.26%
12/31/21	0.40875334%	(32,946,271)	68,611,359	48.02%	106.02%
12/31/22	0.40316083%	21,358,266	73,378,153	29.11%	95.72%

**SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS**

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	\$ 4,489,932	\$ 4,489,932	\$ -	\$ 65,292,652	6.88%
6/30/16	4,399,365	4,399,365	-	65,864,616	6.68%
6/30/17	4,473,026	4,473,026	-	66,536,578	6.72%
6/30/18	4,510,333	4,510,333	-	66,938,532	6.74%
6/30/19	4,438,975	4,438,975	-	67,185,686	6.61%
6/30/20	4,439,848	4,439,848	-	67,783,841	6.55%
6/30/21	4,590,562	4,590,562	-	68,008,320	6.75%
6/30/22	4,618,243	4,618,243	-	70,030,808	6.59%
6/30/23	4,912,898	4,912,898	-	73,564,942	6.68%

See accompanying Notes to Required Supplementary Information.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LOCAL RETIREE LIFE INSURANCE FUND
LAST TEN MEASUREMENT PERIODS**

Plan Fiscal Year Ending	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered- Employee Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
12/31/17	1.16573900%	\$ 3,507,219	\$ 66,254,998	5.29%	44.81%
12/31/18	1.17173100%	3,023,461	67,783,841	4.46%	48.69%
12/31/19	1.15928400%	4,936,457	52,694,000	9.37%	37.58%
12/31/20	1.15481400%	6,352,311	52,632,000	12.07%	31.36%
12/31/21	1.15118300%	6,803,917	52,519,000	12.96%	29.57%
12/31/22	1.14091300%	4,346,681	52,635,000	8.26%	38.81%

**SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS**

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
6/30/18	\$ 22,503	\$ 22,503	\$ -	\$ 66,938,532	0.03%
6/30/19	22,732	22,732	-	67,185,686	0.03%
6/30/20	23,150	23,150	-	67,783,841	0.03%
6/30/21	22,970	22,970	-	68,008,320	0.03%
6/30/22	23,363	23,363	-	70,030,808	0.03%
6/30/23	22,891	22,891	-	73,564,942	0.03%

See accompanying Notes to Required Supplementary Information.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The District maintains the following two OPEB plans:

Single-Employer Defined Postemployment Benefit Plan

The Plan's benefit terms changed since the June 30, 2018 valuation, therefore a change in benefit terms was calculated causing an increase in the Total OPEB Liability. Specifically, the District has modified the benefits provided to Teachers retiring after June 30, 2020 to be HRA contributions upon retirement should they not receive the maximum 20 years of annual HRA contributions during active years of services. In addition, the District added an OPEB benefit for future retiring Support Staff, similar to that of Teachers retiring after June 30, 2020.

Local Retiree Life Insurance Fund (LRLIF)

There were no changes of benefit terms for any participating employer in the LRLIF.

Assumptions: The ETF 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 from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end. The District is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 2 WISCONSIN RETIREMENT SYSTEM

There were no changes of benefit terms for any participating employer in the 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 wage Inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The District is required to present the last 10 fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 3 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. Budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by board of education resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the board of education.
- The board of education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the board of education may make alterations to the proposed budget.
- Once the board of education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire board of education.
- Appropriations lapse at year-end unless authorized as a carryover by the board of education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a budget for the special education special revenue fund in accordance with requirements from the Wisconsin Department of Public Instruction. In accordance with generally accepted accounting principles, these funds are included as part of the general fund in these financial statements. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a U.S. GAAP General Fund basis is summarized below:

	General	Special Education Fund
REVENUES		
Actual Amounts (Budgetary Basis)	\$ 137,252,577	\$ 8,798,595
Reclassification of Special Education Fund	8,798,595	(8,798,595)
Total Revenues	146,051,172	-
EXPENDITURES		
Actual Amounts (Budgetary Basis)	122,474,219	20,954,765
Reclassification of Special Education Fund	20,954,765	(20,954,765)
Total Expenditures	143,428,984	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		
Actual Amounts (Budgetary Basis)	14,778,358	(12,156,170)
Reclassification of Special Education Fund	(12,156,170)	12,156,170
Excess of Revenues Over (Under) Expenditures	2,622,188	-
OTHER FINANCING SOURCES (USES)		
Actual Amounts (Budgetary Basis)	(13,644,483)	12,156,170
Reclassification of Special Education Fund	12,156,170	(12,156,170)
Total Other Financing Sources (Uses)	(1,488,313)	-
NET CHANGE IN FUND BALANCE		
Actual Amounts (Budgetary Basis)	1,133,875	-
Fund Balance - Beginning of Year	55,995,105	-
FUND BALANCE - END OF YEAR	\$ 57,128,980	\$ -

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Excess of Expenditure over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended June 30, 2023 as follows:

Fund	Excess Expenditures
General Fund	
Debt Service:	
Interest and Fiscal Charges	\$ 20,139
Nonprogram:	
General Tuition Payments	108,741
Adjustments and Refunds	41,309
Special Education Special Revenue Fund:	
Instruction:	
Regular Instrucion	6,006
Support Services:	
Business Services	33,794
Nonprogram:	
Special Education Tuition Payments	47,297
Adjustments and Refunds	31,173
Revenue Transits to Others	31,057

The amounts were funded using positive variances in other accounts of the fund.

SUPPLEMENTARY INFORMATION

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue			Debt Service	
	Donations	Food Service	Community Service	Nonreferendum Debt Service	Referendum Debt Service
ASSETS					
Cash and Investments	\$ 1,460,378	\$ 3,254,686	\$ 1,233,842	\$ 67,037	\$ 628,799
Receivables:					
Accounts	905	6,257	3	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governments	-	160,647	201,973	-	-
Prepaid Items	-	163,181	-	-	-
	<u>\$ 1,461,283</u>	<u>\$ 3,584,771</u>	<u>\$ 1,435,818</u>	<u>\$ 67,037</u>	<u>\$ 628,799</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 39,557	\$ 42,804	\$ 69,803	\$ -	\$ -
Accrued and Other Current Liabilities	490	32,891	64,776	-	-
Due to Other Funds	-	19,278	55,043	-	-
Unearned Revenues	-	80,337	21,793	-	-
Deposits Payable	4	859	-	-	-
Health and Dental Claims Payable	-	31,528	-	-	-
Total Liabilities	<u>40,051</u>	<u>207,697</u>	<u>211,415</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Other Receivables	-	-	-	-	-
FUND BALANCES					
Nonspendable	-	163,181	-	-	-
Restricted	1,421,232	3,213,893	1,224,403	67,037	628,799
Total Fund Balances	<u>1,421,232</u>	<u>3,377,074</u>	<u>1,224,403</u>	<u>67,037</u>	<u>628,799</u>
	<u>\$ 1,461,283</u>	<u>\$ 3,584,771</u>	<u>\$ 1,435,818</u>	<u>\$ 67,037</u>	<u>\$ 628,799</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,461,283</u>	<u>\$ 3,584,771</u>	<u>\$ 1,435,818</u>	<u>\$ 67,037</u>	<u>\$ 628,799</u>

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Capital Projects		Total
	Capital Projects	Long-Term Capital Projects	Nonmajor Governmental Funds
ASSETS			
Cash and Investments	\$ 2,603,950	\$ 5,607,053	\$ 14,855,745
Receivables:			
Accounts	30,000	-	37,165
Due from Other Funds	-	2,000,000	2,000,000
Due from Other Governments	-	-	362,620
Prepaid Items	-	-	163,181
	<u>\$ 2,633,950</u>	<u>\$ 7,607,053</u>	<u>\$ 17,418,711</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 350,139	\$ -	\$ 502,303
Accrued and Other Current Liabilities	-	-	98,157
Due to Other Funds	-	-	74,321
Unearned Revenues	-	-	102,130
Deposits Payable	-	-	863
Health and Dental Claims Payable	-	-	31,528
Total Liabilities	350,139	-	809,302
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Other Receivables	30,000	-	30,000
FUND BALANCES			
Nonspendable	-	-	163,181
Restricted	2,253,811	7,607,053	16,416,228
Total Fund Balances	<u>2,253,811</u>	<u>7,607,053</u>	<u>16,579,409</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,633,950</u>	<u>\$ 7,607,053</u>	<u>\$ 17,418,711</u>

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	Special Revenue			Debt Service	
	Donations	Food Service	Community Service	Nonreferendum Debt Service	Referendum Debt Service
REVENUES					
Property Taxes	\$ -	\$ -	\$ 1,356,528	\$ 2,922,342	\$ 7,229,220
Other Local Sources	1,456,202	306,316	574,554	571	22,312
State Sources	-	73,826	-	-	-
Federal Sources	-	5,222,131	603,661	-	-
Other Sources	-	295	110	44,309	146,027
Total Revenues	<u>1,456,202</u>	<u>5,602,568</u>	<u>2,534,853</u>	<u>2,967,222</u>	<u>7,397,559</u>
EXPENDITURES					
Instruction:					
Regular Instruction	243,170	-	-	-	-
Vocational Instruction	48,692	-	-	-	-
Other Instruction	878,827	-	-	-	-
Total Instruction	<u>1,170,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support Services:					
Pupil Services	103,800	-	-	-	-
Instructional Staff Services	11,018	-	-	-	-
School Administration Services	19,837	-	-	-	-
Operations and Maintenance of Plant	107,488	225,128	345,116	-	-
Pupil Transportation Services	109,380	-	15,807	-	-
Food Services	-	6,027,336	-	-	-
Central Services	-	3,667	-	-	-
Insurance	-	50,354	11,000	-	-
Other Support Services	-	496	2,408	-	-
Total Support Services	<u>351,523</u>	<u>6,306,981</u>	<u>374,331</u>	<u>-</u>	<u>-</u>
Debt Service:					
Principal	-	-	-	3,156,000	6,463,000
Interest and Fiscal Charges	-	-	-	68,466	843,065
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,224,466</u>	<u>7,306,065</u>
Community Service	-	-	2,060,575	-	-
Total Expenditures	<u>1,522,212</u>	<u>6,306,981</u>	<u>2,434,906</u>	<u>3,224,466</u>	<u>7,306,065</u>
Excess of Revenues Over (Under) Expenditures	(66,010)	(704,413)	99,947	(257,244)	91,494
OTHER FINANCING SOURCES					
Proceeds from Sale of Capital Assets	-	8,808	700	-	-
Transfers In	-	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>8,808</u>	<u>700</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(66,010)	(695,605)	100,647	(257,244)	91,494
Fund Balances - Beginning of Year	<u>1,487,242</u>	<u>4,072,679</u>	<u>1,123,756</u>	<u>324,281</u>	<u>537,305</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,421,232</u>	<u>\$ 3,377,074</u>	<u>\$ 1,224,403</u>	<u>\$ 67,037</u>	<u>\$ 628,799</u>

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	Capital Projects		Total Nonmajor Governmental Funds
	Capital Projects	Long-Term Capital Projects	
REVENUES			
Property Taxes	\$ 1,300,000	\$ -	\$ 12,808,090
Other Local Sources	77,918	50,187	2,488,060
State Sources	-	-	73,826
Federal Sources	-	-	5,825,792
Other Sources	-	-	190,741
Total Revenues	1,377,918	50,187	21,386,509
EXPENDITURES			
Instruction:			
Regular Instruction	-	-	243,170
Vocational Instruction	-	-	48,692
Other Instruction	-	-	878,827
Total Instruction	-	-	1,170,689
Support Services:			
Pupil Services	-	-	103,800
Instructional Staff Services	-	-	11,018
School Administration Services	-	-	19,837
Operations and Maintenance of Plant	1,300,440	-	1,978,172
Pupil Transportation Services	-	-	125,187
Food Services	-	-	6,027,336
Central Services	-	-	3,667
Insurance	-	-	61,354
Other Support Services	-	-	2,904
Total Support Services	1,300,440	-	8,333,275
Debt Service:			
Principal	-	-	9,619,000
Interest and Fiscal Charges	-	-	911,531
Total Debt Service	-	-	10,530,531
Community Service	-	-	2,060,575
Total Expenditures	1,300,440	-	22,095,070
Excess of Revenues Over (Under) Expenditures	77,478	50,187	(708,561)
OTHER FINANCING SOURCES			
Proceeds from Sale of Capital Assets	-	-	9,508
Transfers In	17,175	2,000,000	2,017,175
Total Other Financing Sources	17,175	2,000,000	2,026,683
NET CHANGE IN FUND BALANCES	94,653	2,050,187	1,318,122
Fund Balances - Beginning of Year	2,159,158	5,556,866	15,261,287
FUND BALANCES - END OF YEAR	\$ 2,253,811	\$ 7,607,053	\$ 16,579,409

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**



**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***

Board of Education
Sheboygan Area School District
Sheboygan, 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 discretely presented component unit, the major fund, and the aggregate remaining fund information of the Sheboygan Area School District, Wisconsin (the 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 December 14, 2023. The financial statements of the Sheboygan Public Education Foundation, Inc., a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Sheboygan Public Education Foundation, Inc.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

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*.

Sheboygan Area School District's Response to the 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
December 14, 2023

FEDERAL AND STATE AWARDS



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

Board of Education
Sheboygan Area School District
Sheboygan, Wisconsin

Report on Compliance for Each Major Federal and State Program

Qualified and Unmodified Opinions

We have audited Sheboygan Area School District, Sheboygan, Wisconsin's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration 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 auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Pupil Transportation Aid

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the pupil transportation aid program for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal and State Programs

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 other major federal and state programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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

Matter Giving Rise to Qualified Opinion on Pupil Transportation Aid

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding State ID Number 255.107 Pupil Transportation Aid as described in finding number 2023-003 for eligibility.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

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 GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *State Single Audit Guidelines* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state programs as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 and the *State Single Audit Guidelines*, 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as item 2023-004. Our opinion on each major federal and state program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit 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 compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness.

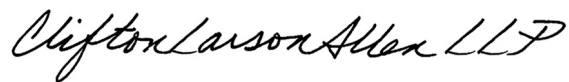
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 to be a significant deficiency.

Board of Education
Sheboygan Area School District

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit 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 compliance and, accordingly, we express no opinion on the response.

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



CliftonLarsonAllen LLP

Sheboygan, Wisconsin
December 14, 2023

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/22	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total Federal Expenditures	Passed Through to Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
Local Food for Schools Cooperative Agreement Program	10.185	WI DPI	Not Available	\$ -	\$ -	\$ 11,593	\$ 11,593	\$ -
Child Nutrition Cluster								
School Breakfast Program	10.553	WI DPI	2022-595271-DPI-SFSP-561	(53,363)	53,363	-	-	-
School Breakfast Program	10.553	WI DPI	2023-595271-DPI-SB-SEVERE-546	-	1,110,746	29,656	1,140,402	-
Total School Breakfast Program				(53,363)	1,164,109	29,656	1,140,402	-
National School Lunch Program	10.555	WI DPI	2022-595271-DPI-SFSP-561	(152,546)	152,546	-	-	-
National School Lunch Program	10.555	WI DPI	2023-595271-DPI-NSL-547	-	3,070,550	75,363	3,145,913	-
Donated Commodities	10.555	WI DPI	Not Available	-	457,888	-	457,888	-
Total National School Lunch Program				(152,546)	3,680,984	75,363	3,603,801	-
COVID 19 - Summer Food Service Program for Children	10.559	WI DPI	2022-595271-DPI-SFSP-586	(40,337)	40,337	-	-	-
Summer Food Service Program for Children	10.559	WI DPI	2023-595271-DPI-SFSP-586	-	63,403	39,320	102,723	-
Total Summer Food Service				(40,337)	103,740	39,320	102,723	-
Total Child Nutrition Cluster				(246,246)	4,948,833	144,339	4,846,926	-
Child and Adult Care Food Program	10.558	WI DPI	2022-595271-DPI-AR-55	(11,378)	11,378	-	-	-
Child and Adult Care Food Program	10.558	WI DPI	2023-595271-DPI-AR-551	-	356,090	4,715	360,805	-
Total Child and Adult Care Food Program				(11,378)	367,468	4,715	360,805	-
P-EBT Local Level Administrative Cost (LLACG)	10.649	WI DPI	Not Available	(5,815)	5,815	-	-	-
Total U.S. Department of Agriculture				(263,439)	5,322,116	160,647	5,219,324	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-595271-DPI-TIA-141	(751,861)	751,861	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2023-595271-DPI-TI-A-141	-	1,071,423	715,222	1,786,645	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2023-595271-DPI-TI-D N&D-144	-	3,745	2,769	6,514	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-595271-DPI-TID-144	(17,054)	17,054	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2023-595271-DPI-TID-144	-	38,590	15,478	54,068	-
Total Title I Grants to Local Educational Agencies				(768,915)	1,882,673	733,469	1,847,227	-
Special Education Cluster (IDEA):								
Special Education Grants to States	84.027	WI DPI	2022-595271-DPI-FLOW-341	(766,670)	766,670	-	-	-
Special Education Grants to States	84.027	WI DPI	2023-595271-DPI-FLOW-341	-	1,455,682	325,160	1,780,842	-
Special Education Grants to States - CEIS	84.027	WI DPI	2022-595271-DPI-ES3-342	(10,698)	10,698	-	-	-
Special Education Grants to States	84.027	WI DPI	2023-595271-DPI-ES3-342	-	2,317	7,910	10,227	-
Special Education Grants to States	84.027	WI DPI	Not Available	(120,344)	300,017	107,322	286,995	-
Total Special Education Grants to States				(897,712)	2,535,384	440,392	2,078,064	-
Special Education Preschool Grants	84.173	WI DPI	2022-595271-DPI-PRESCH-347	(37,692)	37,692	-	-	-
Special Education Preschool Grants	84.173	WI DPI	2023-595271-DPI-PRESCH-347	-	59,307	18,308	77,615	-
Total Special Education Preschool Grants				(37,692)	96,999	18,308	77,615	-
Total Special Education Cluster (IDEA)				(935,404)	2,632,383	458,700	2,155,679	-

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/22	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total Federal Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF EDUCATION (CONTINUED)								
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2022-595271-DPI-CTE-400	\$ (48,881)	\$ 48,881	\$ -	\$ -	\$ -
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2023-595271-DPI-CTE-400	-	62,098	22,050	84,148	-
Total Career and Technical Education - Basic Grants to States				(48,881)	110,979	22,050	84,148	-
Education for Homeless Children and Youth	84.196	WI DPI	2022-595271-DPI-EHCY-335	(18,302)	18,302	-	-	-
Education for Homeless Children and Youth	84.196	WI DPI	2023-595271-DPI-EHCY-335	-	18,402	26,936	45,338	-
Total Education for Homeless Children and Youth				(18,302)	36,704	26,936	45,338	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2022-595271-DPI-T-IV-B-367	(134,257)	134,257	-	-	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2023-595271-DPI-TIVB-367	-	180,654	167,430	348,084	-
Total Twenty-First Century Community Learning Centers				(134,257)	314,911	167,430	348,084	-
English Language Acquisition State Grants	84.365	WI DPI	2022-595271-DPI-TIIIA-391	(80,159)	80,159	-	-	-
English Language Acquisition State Grants	84.365	WI DPI	2023-595271-DPI-TIIIA-391	-	144,787	93,748	238,535	-
Total English Language Acquisition State Grants				(80,159)	224,946	93,748	238,535	-
Supporting Effective Instruction State Grant	84.367	WI DPI	2022-595271-DPI-TIIA-365	(99,479)	99,479	-	-	-
Supporting Effective Instruction State Grant	84.367	WI DPI	2023-595271-DPI-TIIA-365	-	249,566	108,154	357,720	-
Total Improving Teach Quality State Grants				(99,479)	349,045	108,154	357,720	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2022-595271-DPI-TIVA-381	(30,894)	30,894	-	-	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2023-595271-DPI-TIVA-381	-	123,566	118,143	241,709	-
Total Student Support and Academic Enrichment Program				(30,894)	154,460	118,143	241,709	-
Education Stabilization Fund								
COVID - 19 Governors Emergency Education Relief Fund	84.425C	WI DPI	2022-595271-DPI-GEERF-162	(1,309)	1,309	-	-	-
COVID - 19 Governors Emergency Education Relief Fund	84.425C	WI DPI	2023-595271-DPI-GEERF-162	-	965	3,045	4,010	-
COVID - 19 Elementary and Secondary School Emergency Relief Funds	84.425D	WI DPI	2022-595271-DPI-ESSERF-160	(412)	412	-	-	-
COVID - 19 Elementary and Secondary School Emergency Relief Funds	84.425D	WI DPI	2022-595271-DPI-ESSERFII-163	(1,383,878)	1,383,878	-	-	-
COVID - 19 Elementary and Secondary School Emergency Relief Funds	84.425D	WI DPI	2023-595271-DPI-ESSERFII-163	-	367,374	-	367,374	-
COVID - 19 Elementary and Secondary School Emergency Relief Funds	84.425D	WI DPI	2022-595271-DPI-ESSERFIII-163	(667,511)	667,511	-	-	-
COVID - 19 Elementary and Secondary School Emergency Relief Funds	84.425D	WI DPI	2023-595271-DPI-ESSERFIII-163	-	5,372,186	2,385,417	7,757,603	-
COVID - 19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	WI DPI	2023-595271-LETRS-165	-	4,000	-	4,000	-
Total Education Stabilization Fund				(2,053,110)	7,797,635	2,388,462	8,132,987	-
COVID-19 American Rescue Plan Act - Homeless Children and Youth	84.427W	WI DPI	2022-5952714-DPI-ARCHCYI-168	(1,714)	1,714	-	-	-
COVID-19 American Rescue Plan Act - Homeless Children and Youth	84.427W	WI DPI	2023-5952714-DPI-ARCHCYI-168	-	37,096	4,563	41,659	-
Total American Rescue Plan Act - Homeless Children and Youth				(1,714)	38,810	4,563	41,659	-
Total U.S. Department of Education				(4,171,115)	13,542,546	4,121,655	13,493,086	-

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/22	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total Federal Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Refugee School Impact	93.566	WI DHS	Not Available	\$ (502)	\$ 12,765	\$ 7,792	\$ 20,055	\$ -
Medicaid Cluster:								
Medical Assistance Program	93.778	WI DHS	44206400	-	1,426,483	-	1,426,483	-
Total U.S. Department of Health and Human Services				<u>(502)</u>	<u>1,439,248</u>	<u>7,792</u>	<u>1,446,538</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ (4,435,056)</u>	<u>\$ 20,303,910</u>	<u>\$ 4,290,094</u>	<u>\$ 20,158,948</u>	<u>\$ -</u>
RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS								
Federal Sources							\$ 21,195,540	
Less: Federal Sources not Considered Federal Financial Assistance:								
Coronavirus Relief Funds to Public Schools							(895,913)	
Get Kids Ahead							<u>(140,679)</u>	
Total Federal Awards							<u>\$ 20,158,948</u>	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2023**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/22	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/23	Total State Expenditures	Passed Through to Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	595271-100	\$ -	\$ 5,898,127	\$ -	\$ 5,898,127	\$ -
Special Education and School Age Parents	255.101	CESA 7	595271-100	-	9,965	-	9,965	-
State School Lunch Aid	255.102	Direct Program	595271-107	-	43,236	-	43,236	-
Common School Fund Library Aid	255.103	Direct Program	595271-104	-	570,777	-	570,777	-
Bilingual Bicultural Aid	255.106	Direct Program	595271-111	-	354,172	-	354,172	-
Pupil Transportation Aid	255.107	Direct Program	595271-102	-	84,723	-	84,723	-
Equalization Aids	255.201	Direct Program	595271-116	-	86,239,155	-	86,239,155	-
High Cost Special Education Aid	255.210	Direct Program	595271-119	-	24,213	-	24,213	-
School Mental Health Program	255.227	Direct Program	595271-176	(196,382)	416,671	-	220,289	-
Transition Readiness Grant	255.257	Direct Program	595271-174	-	12,375	10,053	22,428	-
School Based Mental Health Services	255.297	Direct Program	595271-177	(13,063)	46,318	21,357	54,612	-
Alcohol and Other Drug Abuse	255.306	Direct Program	595271-143	(7,049)	21,769	9,115	23,835	-
State School Breakfast Aid	255.344	Direct Program	595271-108	-	30,590	-	30,590	-
Tuition Payments by State	255.401	Direct Program	595271-157	-	66,190	-	66,190	-
Early College Credit Grant	255.445	Direct Program	595271-178	-	5,838	-	5,838	-
Student Achievement Guarantee in Education (SAGE)	255.504	Direct Program	595271-160	-	1,674,420	-	1,674,420	-
Aid for High Poverty School District	255.926	Direct Program	595271-121	-	542,135	-	542,135	-
Educator Effective Evaluation System	255.940	Direct Program	595271-154	-	62,320	-	62,320	-
Per Pupil Aid	255.945	Direct Program	595271-113	-	7,198,142	-	7,198,142	-
Career and Technical Education Incentive Grants	255.950	Direct Program	595271-171	-	108,218	-	108,218	-
Assessments of Reading Readiness	255.956	Direct Program	595271-166	-	42,826	-	42,826	-
Robotics Lead Partnership Grant	255.959	Direct Program	595271-167	(3,927)	7,606	-	3,679	-
Special Education Transition Incentive Grants	255.960	Direct Program	595271-168	-	53,503	-	53,503	-
Total Wisconsin Department of Public Instruction				<u>(220,421)</u>	<u>103,513,289</u>	<u>40,525</u>	<u>103,333,393</u>	<u>-</u>
Total State Programs				<u>\$ (220,421)</u>	<u>\$ 103,513,289</u>	<u>\$ 40,525</u>	<u>\$ 103,333,393</u>	<u>\$ -</u>

RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

State Sources	\$ 103,795,071
Intermediate Sources	9,965
Less: State Sources not Considered State Financial Assistance:	
State Tax Computer Aid	(241,928)
State Personal Property Aid	(221,059)
Payment in Lieu of Taxes and Other Revenues	(8,656)
Total State Awards	<u>\$ 103,333,393</u>

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2023**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards for the Sheboygan Area School District are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal and state awards include all federal and state awards of the District. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2023 fund financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The District has not elected to charge a de minimis rate of 10% of modified total costs.

NOTE 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed.

NOTE 4 OVERSIGHT AGENCIES

The federal and state oversight agencies for the District are as follows:

Federal – U.S. Department of Education
State – Wisconsin Department of Public Instruction

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2023**

NOTE 5 PASS THROUGH ENTITIES

Federal awards have been pass through the following entities:

WI DHS – Wisconsin Department of Health Services
WI DPI – Wisconsin Department of Public Instruction
CESA 7 – Cooperative Educational Service Agency #7

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs Assistance Listing Numbers

Name of Federal Program or Cluster

84.425C	COVID – 19 Education Stabilization Fund - Governors Emergency Education Relief Fund
84.425D	COVID – 19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Funds
84.425U	COVID – 19 Education Stabilization Fund - American Rescue Plan – Elementary and Secondary School Emergency Relief
10.553	<i>Child Nutrition Cluster</i> School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
93.778	Medicaid Cluster

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results (Continued)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee? _____ yes x no

State Awards

4. Internal control over major state programs:

- Material weakness(es) identified? x yes _____ no
- Significant deficiency(ies) identified? _____ yes x none reported

5. Type of auditors’ report issued on compliance for major state programs:

Qualified – Pupil Transportation Aid

6. Any audit findings disclosed that are required to be reported in accordance with *State Single Audit Guidelines*?

 x yes _____ no

Identification of Major State Programs

State I.D. Numbers

255.201
255.107
255.945

Name of State Program or Cluster

Equalization Aids
Pupil Transportation Aid
Per Pupil Aid

Dollar threshold used to distinguish between Type A and Type B programs:

\$250,000

Auditee qualified as low-risk auditee? _____ yes x no

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

2023 – 001

**Control Deficiencies
Preparation of Annual Financial Report
Repeat Finding 2022-001**

Type of Finding:

Significant Deficiency in Internal Control over Financial Reporting

Condition: Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the District had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

Criteria or Specific Requirement: The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.

Effect: Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Cause: District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Recommendation: We recommend the District continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the District's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.

Views of Responsible Officials and Planned Corrective Actions: Management continues to believe the costs to hire additional staff outweigh the benefits to be received.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings (Continued)

2023 – 002

**Control Deficiencies
Adjustments to the District’s Financial Records**

Type of Finding:

Material Weakness in Internal Control Over Financial Reporting

Condition: As part of our audit, we proposed adjusting journal entries that are material to the District’s financial statements.

Criteria or Specific Requirement: Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.

Effect: Year-end financial records prepared by the District may contain material misstatements.

Cause: While District staff maintains financial records which accurately report revenues and expenditures throughout the year, CLA did identify and propose prior period adjustments for the governmental activities and the employee benefits trust fund.

Repeat Finding: Not a repeat finding.

Recommendation: We recommend management of the District continue reviewing any adjusting entries proposed as part of the audit process. A thorough review of this information by appropriate staff of the District is necessary to obtain an adequate understanding of the draft financial reports.

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding. Management has reviewed and approved the entries proposed by CLA.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal and State Programs

2023 – 003

Pupil Transportation

State IDs- 255.107

Type of Finding: Material weakness in internal control over compliance and Material Noncompliance

Condition: During our testing, it was noted that the District did not have a procedure in place to ensure a student was actually transported at least once per school year.

Criteria or Specific Requirements: The requirements for state transportation aid are detailed in Section 121.58 of the Wisconsin Statutes. These requirements contain provisions that require school districts to count students who were actually transported during the school year with home to school distance using the most direct route.

Questioned Costs: \$6,760

Context: CLA obtained the student count by mileage category submitted to the Wisconsin Department of Public Instruction and attempted to trace to the supporting records provided by the District.

Cause: The District's system of internal controls to ensure compliance over the transportation program did not contain procedures to ensure a student was actually transported at least once during the school year.

Effect: The District may have included students who were not eligible in the reporting to the Wisconsin Department of Public Instruction.

Recommendation: We recommend the District establish a procedure for ensuring students were actually transported during the school year.

Views of Responsible Officials: There is no disagreement with this finding.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal and State Programs (Continued)

2023-004 Suspension & Debarment

Federal Agency: U.S. Department of Agriculture

Federal Program Names: Child Nutrition Cluster

Assistance Listing Numbers: 10.553, 10.555, 10.559

Federal Award Year: 2022-2023

Pass-Through Agency: Wisconsin Department of Public Instruction

Pass-Through Numbers: 2023-595271-DPI-SB-SEVERE-546, 2023-595271-DPI-NSL-547, 2023-595271-DPI-SFSP-586

Award Periods: 07/01/2022 – 06/30/2023

Type of Finding

Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or Specific Requirement

2 CFR 200 states that nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220). All nonprocurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215. When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.

Condition

While the District has policies and procedures relating to suspension and debarment, they were not completed before entering into a covered transaction.

Questioned Costs

None.

Context

While performing compliance procedures, it was noted that suspension and debarment procedures were not completed for all vendors in accordance with the requirements. Subsequent client procedures concluded that none of the contractors or vendors were suspended or debarred.

Cause

The District did not consistently follow the policy and procedures that are currently in place.

Effect

The District is not in compliance with suspension and debarment requirements. Vendors may be paid with federal funds that are suspended and debarred entities which would not be in compliance with the Uniform Guidance.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal and State Programs (Continued)

2023-004 Suspension & Debarment (Continued)

Repeat Finding

No

Recommendation

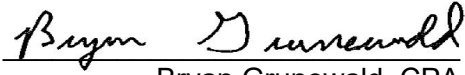
We recommend the District review the policies and procedures and enhance as necessary to ensure suspension and debarment requirements are met.

View of Responsible Officials

There is no disagreement with the finding.

**SHEBOYGAN AREA SCHOOL DISTRICT
SHEBOYGAN, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section IV – Other Issues

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No
2. Does the audit report show audit issues (i.e. material non-compliance, nonmaterial noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
- Department of Health Services No
- Department of Public Instruction Yes
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? No
4. Name and signature of principal 
Bryan Grunewald, CPA
5. Date of report December 14, 2023



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