

# SCHOOL DISTRICT OF BELOIT

## Annual Financial Report

*June 30, 2022*

 KerberRose

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# SCHOOL DISTRICT OF BELOIT

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## **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

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

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

To the Board of Education  
School District of Beloit

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedule of changes in net OPEB asset, fiduciary net position, and related ratios – other post-employment benefits, schedule of employer contributions – other post-employment benefits, and the schedule of revenues, expenditures and changes in fund balance - budget and actual – general fund on pages 36 through 42 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Education  
School District of Beloit

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

***Supplementary Information***

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

The combining nonmajor governmental fund financial statements, the combining schedules of internal general and special education fund financial statements, the schedule of expenditures of the federal awards and schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor governmental fund financial statements, the combining schedule of internal general and special education fund financial statements, schedule of expenditures of federal awards and schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*KerberRose SC*

**KerberRose SC**  
**Certified Public Accountants**  
Appleton, Wisconsin  
November 11, 2022

## **FINANCIAL STATEMENTS**

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

	<b>Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Investments	\$ 25,225,279
Taxes Receivable	4,226,381
Accounts Receivable	381,360
Due from State Government	215,036
Due from Federal Government	6,438,569
Inventory	49,303
Prepaid Expenses	323,753
<b>Total Current Assets</b>	<b>36,859,681</b>
<b>Noncurrent Assets</b>	
Net Pension Asset	21,337,371
Other Postemployment Benefits - Single Employer Asset	3,522,201
<b>Capital Assets</b>	
Nondepreciable	6,607,305
Depreciable, net	117,989,347
<b>Total Noncurrent Assets</b>	<b>149,456,224</b>
<b>TOTAL ASSETS</b>	<b>186,315,905</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Loss on Refunding Bonds	163,065
Deferred Outflows Related to Pension	40,079,817
Deferred Outflows Related to	
Other Post-Employment Benefits - Single Employer	235,927
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>40,478,809</b>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	61,539
Accrued Interest Payable	197,907
Accrued and Other Current Liabilities	6,236,016
Due to Other Governments	605
Due to State Government	404
Unearned Revenue	21,980
Self-Insurance Deposits Payable	1,383,689
Health Benefits Claims Payable	2,538,594
Current Portion of Long-Term Obligations	3,752,472
Current Portion of Lease Liability	171,867
<b>Total Current Liabilities</b>	<b>14,365,073</b>
<b>Noncurrent Liabilities</b>	
Noncurrent Portion of Long-Term Obligations	25,224,484
Noncurrent Portion of Lease Liability	173,912
<b>Total Noncurrent Liabilities</b>	<b>25,398,396</b>
<b>TOTAL LIABILITIES</b>	<b>39,763,469</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to Pension	50,241,213
Deferred Inflows Related to	
Other Post-Employment Benefits - Single Employer	104,687
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>50,345,900</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	95,535,454
Restricted	28,844,013
Unrestricted	12,305,878
<b>TOTAL NET POSITION</b>	<b>\$ 136,685,345</b>

See Accompanying Notes

**SCHOOL DISTRICT OF BELOIT**

District-Wide Statement of Activities

For the Year Ended June 30, 2022

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges For Services	Operating Grants and Contributions	
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction				
Regular Instruction	\$ 31,437,157	\$ 1,256,495	\$ 10,173,590	\$ (20,007,072)
Vocational Instruction	1,544,027	70	79,120	(1,464,837)
Physical Instruction	1,925,885	-	-	(1,925,885)
Special Instruction	9,795,821	-	6,424,864	(3,370,957)
Other Instruction	3,825,150	6,783	120,652	(3,697,715)
<b>Total Instruction</b>	<u>48,528,040</u>	<u>1,263,348</u>	<u>16,798,226</u>	<u>(30,466,466)</u>
Support Services				
Pupil Services	6,815,904	-	548,330	(6,267,574)
Instructional Staff Services	7,474,995	55	3,221,072	(4,253,868)
General Administration Services	1,739,708	-	-	(1,739,708)
School Building Administration Services	5,440,010	-	-	(5,440,010)
Business Administration	773,382	-	-	(773,382)
Operations and Maintenance of Plant	10,060,030	-	324,139	(9,735,891)
Pupil Transportation Services	2,441,912	58,101	1,124,298	(1,259,513)
Food Services	3,770,581	13,800	4,984,002	1,227,221
Internal Services	444,241	-	-	(444,241)
Central Services	1,548,801	-	391,250	(1,157,551)
Insurance	617,156	-	-	(617,156)
Other Support Services	1,592,995	-	18,962	(1,574,033)
Interest and Fiscal Charges	776,070	-	-	(776,070)
Depreciation - Unallocated	5,450,469	-	-	(5,450,469)
<b>Total Support Services</b>	<u>48,946,254</u>	<u>71,956</u>	<u>10,612,053</u>	<u>(38,262,245)</u>
Non-Program Transactions				
General Tuition Payments	7,683,332	-	-	(7,683,332)
Non-Program Payments	461,819	-	-	(461,819)
Voucher Payments	1,381,815	-	-	(1,381,815)
Independent Charter School Payments	3,259,454	-	-	(3,259,454)
Adjustments and Refunds	10,038	-	483,791	473,753
<b>Total Non-Program Transactions</b>	<u>12,796,458</u>	<u>-</u>	<u>483,791</u>	<u>(12,312,667)</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 110,270,752</u>	<u>\$ 1,335,304</u>	<u>\$ 27,894,070</u>	<u>(81,041,378)</u>
<b>GENERAL REVENUES</b>				
Property Taxes				19,750,277
State and Federal Aids not Restricted to Specific Functions:				
Equalization, Exempt Computer Aid and Per Pupil Aid				73,084,795
Interest and Investment Earnings				4,475
Sale of Capital Assets				155,869
Miscellaneous				1,198,138
<b>Total General Revenues</b>				<u>94,193,554</u>
<b>CHANGE IN NET POSITION</b>				13,152,176
<b>NET POSITION - BEGINNING OF YEAR</b>				<u>123,533,169</u>
<b>NET POSITION - END OF YEAR</b>				<u>\$ 136,685,345</u>

See Accompanying Notes

**SCHOOL DISTRICT OF BELOIT**

Balance Sheet

Governmental Funds

As of June 30, 2022

	<b>General</b>	<b>Referendum Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and Investments	\$ 15,906,882	\$ 6,339,576	\$ 2,978,821	\$ 25,225,279
Receivables:				
Taxes	1,343,523	2,882,858	-	4,226,381
Accounts	373,554	-	7,806	381,360
Due from State Government	215,036	-	-	215,036
Due from Federal Government	6,303,574	-	134,995	6,438,569
Inventory	-	-	49,303	49,303
Prepaid Items	289,676	-	34,077	323,753
<b>TOTAL ASSETS</b>	<b>\$ 24,432,245</b>	<b>\$ 9,222,434</b>	<b>\$ 3,205,002</b>	<b>\$ 36,859,681</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 45,051	\$ -	\$ 16,488	\$ 61,539
Accrued Liabilities	6,236,016	-	-	6,236,016
Due to Other Governments	605	-	-	605
Due to State Government	404	-	-	404
Self-Insurance Deposits Payable	1,383,689	-	-	1,383,689
Health Benefit Claims Payable	2,538,594	-	-	2,538,594
Unearned Revenue	725	-	21,255	21,980
<b>Total Liabilities</b>	<b>10,205,084</b>	<b>-</b>	<b>37,743</b>	<b>10,242,827</b>
<b>Fund Balances</b>				
Nonspendable:				
Prepaid Items and Inventory	289,676	-	83,380	373,056
Restricted:				
Donor Specified Projects	-	-	299,242	299,242
Debt Service	-	9,222,434	672,921	9,895,355
Capital Projects	-	-	100	100
Food Service	-	-	1,904,656	1,904,656
Community Service	-	-	206,960	206,960
Self-Insurance	1,902,735	-	-	1,902,735
Unspent Common School Funds	3,456	-	-	3,456
Unassigned	12,031,294	-	-	12,031,294
<b>Total Fund Balances</b>	<b>14,227,161</b>	<b>9,222,434</b>	<b>3,167,259</b>	<b>26,616,854</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 24,432,245</b>	<b>\$ 9,222,434</b>	<b>\$ 3,205,002</b>	<b>\$ 36,859,681</b>

See Accompanying Notes

**SCHOOL DISTRICT OF BELOIT**

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

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**Total Fund Balances - Governmental Funds** \$ 26,616,854

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

Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported in the statement of net position:

Governmental Capital Asset	191,091,354	
Governmental Accumulated Depreciation	<u>(66,494,702)</u>	
		124,596,652

Net pension asset is not usable in the current period therefore not reported in the fund financial statements.		21,337,371
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Post-employment benefits asset is not usable in the current period therefore not reported in the fund financial statements.		3,522,201
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Some deferred outflows and inflows of resources reflect changes in long-term assets or liabilities and are not reported in the funds.

Loss on Refunding Bonds	163,065	
Deferred Outflows of Resources Related to Pension - Cost-Sharing Plan	40,079,817	
Deferred Inflows of Resources Related to Pension - Cost-Sharing Plan	(50,241,213)	
Deferred Outflows of Resources Related to OPEB - Single-Employer Plan	235,927	
Deferred Inflows of Resources Related to OPEB - Single-Employer Plan	<u>(104,687)</u>	(9,867,091)

Certain liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Liabilities reported in the statement of net position that are not reported in the funds balance sheet:

General Obligations	(28,367,000)	
Lease liability	(345,779)	
Bond Premium	(511,484)	
Accrued Interest on General Obligation Debt	(197,907)	
Compensated Absences	<u>(98,472)</u>	<u>(29,520,642)</u>

**Total Net Position - Governmental Activities** \$ 136,685,345

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

	General	Referendum Debt Service	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 1,362,499	\$ 17,425,000	\$ 962,778	\$ 19,750,277
Other Local Sources	227,081	2,283	192,665	422,029
Interdistrict Sources	1,095,840	-	23,610	1,119,450
Intermediate Sources	78,849	-	4,000	82,849
State Sources	80,482,417	-	-	80,482,417
Federal Sources	15,263,818	-	4,984,002	20,247,820
Other Sources	1,087,010	75,207	-	1,162,217
<b>Total Revenues</b>	<u>99,597,514</u>	<u>17,502,490</u>	<u>6,167,055</u>	<u>123,267,059</u>
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Regular Instruction	33,675,569	-	10,068	33,685,637
Vocational Instruction	1,662,618	-	12,236	1,674,854
Physical Instruction	2,069,054	-	-	2,069,054
Special Instruction	10,473,821	-	-	10,473,821
Other Instruction	3,946,087	-	155,256	4,101,343
<b>Total Instruction</b>	<u>51,827,149</u>	<u>-</u>	<u>177,560</u>	<u>52,004,709</u>
<b>Support Services</b>				
Pupil Services	7,294,272	-	-	7,294,272
Instructional Staff Services	7,947,379	-	-	7,947,379
General Administration Services	1,811,818	-	-	1,811,818
School Building Administration Services	5,859,115	-	-	5,859,115
Business Services	820,514	-	8,429	828,943
Operations and Maintenance	10,865,639	-	62,549	10,928,188
Pupil Transportation	2,413,270	-	28,642	2,441,912
Food Services	-	-	3,951,701	3,951,701
Internal Services	444,241	-	-	444,241
Central Services	1,581,931	-	774	1,582,705
Insurance	617,156	-	-	617,156
Other Support Services	1,693,745	-	-	1,693,745
Debt Service				
Principal	-	8,320,000	750,000	9,070,000
Interest and Fiscal Charges	-	871,441	207,667	1,079,108
<b>Total Support Services</b>	<u>41,349,080</u>	<u>9,191,441</u>	<u>5,009,762</u>	<u>55,550,283</u>
<b>Non-Program Transactions</b>				
General Tuition Payments	7,683,332	-	-	7,683,332
Non-Program Payments	461,819	-	-	461,819
Voucher Payments	1,381,815	-	-	1,381,815
Independent Charter School Payments	3,259,454	-	-	3,259,454
Adjustments and Refunds	10,038	-	-	10,038
<b>Total Non-Program Transactions</b>	<u>12,796,458</u>	<u>-</u>	<u>-</u>	<u>12,796,458</u>
<b>Total Expenditures</b>	<u>105,972,687</u>	<u>9,191,441</u>	<u>5,187,322</u>	<u>120,351,450</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(6,375,173)</u>	<u>8,311,049</u>	<u>979,733</u>	<u>2,915,609</u>
<b>OTHER FINANCING SOURCES (USE)</b>				
Sale of Equipment	155,869	-	-	155,869
Transfer from Other Funds	-	-	13,913	13,913
Transfer to Other Funds	(13,913)	-	-	(13,913)
<b>Total Other Financing Sources (Use)</b>	<u>141,956</u>	<u>-</u>	<u>13,913</u>	<u>155,869</u>
<b>NET CHANGES IN FUND BALANCES</b>	<u>(6,233,217)</u>	<u>8,311,049</u>	<u>993,646</u>	<u>3,071,478</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>20,460,378</u>	<u>911,385</u>	<u>2,173,613</u>	<u>23,545,376</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 14,227,161</u>	<u>\$ 9,222,434</u>	<u>\$ 3,167,259</u>	<u>\$ 26,616,854</u>

See Accompanying Notes

**SCHOOL DISTRICT OF BELOIT**

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

<b>Net change in Fund Balances - Total Governmental Funds</b>		\$ 3,071,478
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>		
The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital outlay reported in governmental fund statements	1,071,000	
Depreciation expense reported in the statement of activities	<u>(5,450,469)</u>	
Amount by which capital outlays are less than depreciation in the current period.		(4,379,469)
Amounts related to the pension plan benefits that affect the statement of activities but do not affect the fund financial statements.		4,982,036
Amounts related to the other post-employment benefits that affect the statement of activities but do not affect the fund financial statements.		89,313
Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Compensated absences benefits paid in current year	111,172	
Compensated absences benefits earned in current year	<u>(98,472)</u>	
Amounts paid are more than amounts earned by		12,700
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of the long-term debt principal payments in the current year is:		
Bonds and notes payable	9,070,000	
Lease liability	<u>169,845</u>	
		9,239,845
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.		
The amount of interest paid during the current period	1,079,108	
The amount of interest accrued during the current period	<u>(1,012,565)</u>	
Interest paid is more than interest accrued by:		66,543
Prior year debt premium, discount and refunding losses are allocated over the period the debt is outstanding and is reported as amortization revenue/expense in the statement of activities. The amortization for the current year is		
Amortization of bond premium	95,830	
Amortization of refunding loss	<u>(26,100)</u>	
		69,730
<b>Change in Net Position - Governmental Activities</b>		<u><u>\$ 13,152,176</u></u>

**SCHOOL DISTRICT OF BELOIT**

Statement of Net Position

Fiduciary Funds

As of June 30, 2022

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	<u>Custodial Fund</u>	<u>Private Purpose Trust</u>	<u>Employee Benefit Trust</u>	<u>Total Fiduciary Funds</u>
<b>ASSETS</b>				
Cash and Investments	<u>\$ 60,786</u>	<u>\$ 941</u>	<u>\$ 3,637,803</u>	<u>\$ 3,699,530</u>
<b>NET POSITION</b>				
Restricted				
Scholarships	\$ -	\$ 941	\$ -	\$ 941
Pupil Activities	60,786	-	-	60,786
Other Post Employment Benefits	-	-	3,637,803	3,637,803
	<u>\$ 60,786</u>	<u>\$ 941</u>	<u>\$ 3,637,803</u>	<u>\$ 3,699,530</u>

See Accompanying Notes

**SCHOOL DISTRICT OF BELOIT**  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2022

	<u>Custodial Fund</u>	<u>Private Purpose Trust</u>	<u>Employee Benefit Trust</u>	<u>Total Fiduciary Funds</u>
<b>ADDITIONS</b>				
Contributions to Employee-Benefit Trust	\$ -	\$ -	\$ 2,892	\$ 2,892
Other Sources	22,605	-	-	22,605
Interest	76	1	70,704	70,781
<b>Total Additions</b>	<u>22,681</u>	<u>1</u>	<u>73,596</u>	<u>96,278</u>
<b>DEDUCTIONS</b>				
Payments from Employee-Benefit Trust	-	-	143,561	143,561
Payments to Student Organization	20,299	-	-	20,299
Administrative Expenditures	-	-	12,597	12,597
Adjustments and Refunds	-	-	223,532	223,532
<b>Total Deductions</b>	<u>20,299</u>	<u>-</u>	<u>379,690</u>	<u>399,989</u>
<b>CHANGE IN NET POSITION</b>	2,382	1	(306,094)	(303,711)
<b>NET POSITION - BEGINNING</b>	<u>58,404</u>	<u>940</u>	<u>3,943,897</u>	<u>4,003,241</u>
<b>NET POSITION - ENDING</b>	<u>\$ 60,786</u>	<u>\$ 941</u>	<u>\$ 3,637,803</u>	<u>\$ 3,699,530</u>

See Accompanying Notes

# SCHOOL DISTRICT OF BELOIT

Notes to the Financial Statements

June 30, 2022

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

This summary of significant accounting policies of School District of Beloit (District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the District are discussed below.

### **Nature of Operations**

The District is organized as a common school district. The District, governed by a seven-member elected school board, operates grades Kindergarten through 12 and is comprised of all or part of three taxing districts.

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

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

### **District-Wide 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, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The District does not present any business-type activities.

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 customer 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.

### **Fund Financial Statements**

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. The District has no proprietary or internal service funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

# SCHOOL DISTRICT OF БЕЛОIT

Notes to the Financial Statements

June 30, 2022

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

### Fund Financial Statements (Continued)

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

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

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

### Governmental Funds

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

#### General Fund

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

#### Special Revenue Fund

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

#### Debt Service Fund

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

#### Capital Projects Fund

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

### Fiduciary Funds

#### Custodial Funds

Custodial funds are used to account for assets held by the District as a custodian for various student organizations.

#### Private Purpose Trust

This Fund is used to account for resources held in trust for donor stipulated expenditures.

# SCHOOL DISTRICT OF БЕЛОIT

Notes to the Financial Statements

June 30, 2022

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

### Fund Financial Statements (Continued)

#### Employee Benefit Trust

This fund is used to account for resources held in trust for formally established post-employment benefit plans.

### Major Funds

The District reports the following major governmental funds:

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

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

### Nonmajor Funds

The District reports the following nonmajor funds:

Special Revenue Trust Fund - This fund accounts for funds from private gifts and donations from private parties.

Long-term Capital Improvements Fund - This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Community Services Fund - This fund accounts for activities serving the community that are funded by property taxes and fees.

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

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

Co-Operative Services Fund - This fund accounts for the activities associated with the District's co-operative services.

### Measurement Focus and Basis of Accounting

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

# SCHOOL DISTRICT OF БЕЛОIT

Notes to the Financial Statements

June 30, 2022

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

### Measurement Focus and Basis of Accounting (Continued)

The district-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

### Cash and Investments

The District's cash and investments are combined on the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. 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. Cash balances for individual funds are pooled unless maintained in segregated accounts.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the State Investment Board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States, and the local government pooled-investment fund.

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

### Receivables

Receivables 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.

# SCHOOL DISTRICT OF BELOIT

Notes to the Financial Statements

June 30, 2022

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

### Property Taxes

The aggregate district tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or “equalized” taxable property values. As permitted by a collecting municipality’s ordinance, taxes may be paid in full or in two or more installments with the first installment payable by the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the twentieth of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2021 tax levy is used to finance operations of the District’s fiscal year ended June 30, 2022. All property taxes are considered due on January 1<sup>st</sup>, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30<sup>th</sup> and are available to pay current liabilities.

### Inventory

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

### Prepaid Expenses

Prepaid expenses are payments made to vendors that will benefit periods beyond the end of the current fiscal year.

### Interfund Activity

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

#### Fund Financial Statements

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

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

#### District-Wide Financial Statements

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

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

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

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

**Capital Assets**

Capital assets are reported at actual or estimated historical cost, based on appraisals conducted by an independent third-party professional appraisal firm. Donated assets are reported at acquisition value at the time received. Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows: assets with an initial individual cost of \$5,000 or higher and an estimated useful life in excess of one year. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20 - 65
Machinery and equipment	5 - 30
Right to use assets	5

**Unearned Revenue**

The district-wide statement of net position and the governmental funds balance sheet report unearned revenue and therefore defer revenue recognition in connection with resources that have been received, but not yet earned. When revenue recognition criteria are met, unearned revenue is reduced, as applicable, and income is recognized.

**Lease Liability**

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

**Compensated Absences**

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 or retirements.

**Long-Term Obligations**

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period the debt is issued. Principal payments are recorded against the liability and interest payments are recorded as a current expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Principal payments and interest payments are recorded as current expenditures in the governmental funds.

# SCHOOL DISTRICT OF БЕЛОIT

Notes to the Financial Statements

June 30, 2022

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

### Deferred Outflows/Deferred Inflows of Resources

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

### Pension and Other Post-Employment Benefits

#### *Wisconsin Retirement System*

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

#### *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.

### Claims and Judgments

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

### Fund Equity Classifications

#### District-Wide Statements

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

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

# SCHOOL DISTRICT OF БЕЛОIT

Notes to the Financial Statements

June 30, 2022

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

### Fund Equity Classifications (Continued)

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

#### Fund Financial Statements

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

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

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

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

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

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

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

### Use of Estimates

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

## Note 2 – Cash and Investments

The debt service fund accounts for its transactions through separate and distinct bank and investment accounts as required by state statutes. In addition, the trust and custodial funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

# SCHOOL DISTRICT OF БЕЛОIT

Notes to the Financial Statements

June 30, 2022

## Note 2 – Cash and Investments (Continued)

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

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

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

At June 30, 2022 the bank balance of cash was \$30,285,110. The District maintains its cash accounts at two financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk.

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

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

As of June 30, 2022 the District had the following deposits:

Fully Insured Deposits	\$	24,718,745
Collateralized with Letter of Credit		5,566,365
Total	\$	<u>30,285,110</u>

The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

### *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.

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

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

The District has the following fair value measurements as of June 30, 2022:

Investments	Level 1	Level 2	Level 3
Exchange Traded Funds - Fixed Income	\$ 769,811	\$ -	\$ -
Exchange Traded Funds - Equities	810,378	-	-
Money Market Mutual Fund	50,473	-	-
	<u>\$ 1,630,662</u>	<u>\$ -</u>	<u>\$ -</u>

*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. Presented below is the actual rating as of the year-end for each investment type.

Investments	Fair Value	AAA	Not Rated
Money Market Mutual Fund	\$ 50,473	\$ 50,473	\$ -
Exchange Traded Funds - Fixed Income	769,811	-	769,811
	<u>\$ 820,284</u>	<u>\$ 50,473</u>	<u>\$ 769,811</u>

*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, 2022, the District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% of 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:

	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Investments					
Money Market Funds	\$ 50,473	\$ 50,473	\$ -	\$ -	\$ -
Exchange Traded Funds - Fixed Income	769,811	769,811	-	-	-
Totals	<u>\$ 820,284</u>	<u>\$ 820,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHOOL DISTRICT OF БЕЛОIT**

Notes to the Financial Statements

June 30, 2022

**Note 3 – Interfund Transfers**

Interfund transfers for the year ended June 20, 2022 were as follows:

<u>Fund Transferred To:</u>	<u>Fund Transferred From:</u>	<u>Amount</u>	<u>Purpose</u>
Co-operative Program	General Fund	<u>\$ 13,913</u>	Finance program expenditures

**Note 4 – Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets, Nondepreciable:				
Land	\$ 6,607,305	\$ -	\$ -	\$ 6,607,305
Capital Assets, Depreciable				
Right to Use Assets	691,605	-	-	691,605
Buildings and Improvements	151,495,230	451,070	-	151,946,300
Machinery and Equipment	31,226,214	619,930	-	31,846,144
<b>Total Capital Assets, Depreciable</b>	<u>183,413,049</u>	<u>1,071,000</u>	<u>-</u>	<u>184,484,049</u>
Less Accumulated Depreciation for:				
Right to Use Assets	(172,901)	(172,901)	-	(345,802)
Buildings and Improvements	(46,454,946)	(3,631,041)	-	(50,085,987)
Machinery and Equipment	(14,416,386)	(1,646,527)	-	(16,062,913)
Total Accumulated Depreciation	<u>(61,044,233)</u>	<u>(5,450,469)</u>	<u>-</u>	<u>(66,494,702)</u>
<b>Total Capital Assets, Depreciable, Net</b>	<u>122,368,816</u>	<u>(4,379,469)</u>	<u>-</u>	<u>117,989,347</u>
<b>Governmental Activities Capital Assets, Net of Accumulated Depreciation</b>				
	<u>\$ 128,976,121</u>	<u>\$ (4,379,469)</u>	<u>\$ -</u>	<u>\$ 124,596,652</u>

Governmental activities depreciation expense for fiscal year ended June 30, 2022 amounted to \$5,450,469 and was unallocated.

**SCHOOL DISTRICT OF БЕЛОIT**

Notes to the Financial Statements

June 30, 2022

**Note 5 – Long-Term Obligations**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Within One Year</u>
General Obligations					
General Obligation Bonds	\$ 30,575,000	\$ -	\$ 8,420,000	\$ 22,155,000	\$ 2,905,000
Qualified Zone Academy Bonds	476,000	-	119,000	357,000	119,000
Qualified Energy Conservation Bonds	2,215,000	-	-	2,215,000	90,000
Direct Placement Taxable Refunding Bonds	4,171,000	-	531,000	3,640,000	540,000
Total General Obligation Debt	<u>37,437,000</u>	<u>-</u>	<u>9,070,000</u>	<u>28,367,000</u>	<u>3,654,000</u>
Debt Premium	607,314	-	95,830	511,484	-
Compensated Absences	111,172	98,472	111,172	98,472	98,472
Total Governmental Activities Long-Term Liabilities	<u>\$ 38,155,486</u>	<u>\$ 98,472</u>	<u>\$ 9,277,002</u>	<u>\$ 28,976,956</u>	<u>\$ 3,752,472</u>

Total interest paid on long-term debt for the year ended June 30, 2022 was \$1,079,108.

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

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2022, is comprised of the following individual issues:

	<u>Original Issuance</u>	<u>Issue Dates</u>	<u>Interest Rate</u>	<u>Dates of Maturity</u>	<u>Balances 6/30/2022</u>
General Obligation Bonds:					
Qualified Zone Academic Bond	\$ 1,785,000	12/28/09	0.00%	09/15/24	\$ 357,000
Qualified Energy Conservation Bonds	2,215,000	09/17/12	4.75%	04/01/32	2,215,000
G.O. School Improvement Bonds	57,785,000	01/07/13	2.00 - 3.00%	04/01/32	17,130,000
G.O. School Building and Improvement Bonds	5,500,000	10/18/17	3.00 - 4.00%	10/01/37	5,025,000
Taxable General Obligation Refunding Bonds	4,171,000	09/01/20	0.90 - 1.65%	09/01/28	<u>3,640,000</u>
Total Outstanding General Obligation Debt					<u>\$ 28,367,000</u>

**SCHOOL DISTRICT OF БЕЛОIT**

Notes to the Financial Statements

June 30, 2022

**Note 5 – Long-Term Obligations (Continued)**

**Debt Defeasance**

The District used available financial resources of \$4,890,128 to retire \$4,885,000 of the September 17, 2012 General School Improvement Bonds, resulting in an overall savings of \$455,785. The refunding bonds were called on April 1, 2022.

**Other Debt Information**

The District's outstanding debt from direct borrowings and direct placements contain events of default and/or termination provisions with possible finance-related consequences. District management has evaluated the events of default and/or termination provisions with possible finance-related consequences and in the opinion of District management, the likelihood is remote that these provisions will have a significant effect on the District's financial position or results of operations.

**Legal Margin for New Debt**

The District's legal margin for creation of additional general obligation debt on June 30, 2022 was \$197,393,598.

Equalized valuation of the District		\$ 2,160,654,327
Statutory limitation percentage		10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		<u>216,065,433</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 28,367,000	
Less: Amounts available for financing general obligation debt		
Debt service fund net of accrued interest	<u>9,697,448</u>	
Net outstanding general obligation debt applicable to debt limitation		<u>18,669,552</u>
Legal margin for new debt		<u><u>\$ 197,393,881</u></u>

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2022 follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,654,000	\$ 742,128	\$ 4,396,128
2024	3,736,000	647,148	4,383,148
2025	3,917,000	578,299	4,495,299
2026	3,874,000	499,192	4,373,192
2027	3,960,000	414,142	4,374,142
2028-3032	6,871,000	1,142,689	8,013,689
2033-2037	<u>2,355,000</u>	<u>221,920</u>	<u>2,576,920</u>
Total	<u><u>\$ 28,367,000</u></u>	<u><u>\$ 4,245,518</u></u>	<u><u>\$ 32,612,518</u></u>

**SCHOOL DISTRICT OF БЕЛОIT**

Notes to the Financial Statements

June 30, 2022

**Note 5 – Long-Term Obligations (Continued)**

**Lease Obligations**

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District adopted this standard for the year ended June 30, 2022. The cumulative effect of change in accounting principle was to record right to use assets of \$691,605, accumulated depreciation of \$172,901, and a lease obligation of \$515,623 as of June 30, 2021. The right to use assets are depreciated on a straight-line basis over the expected life of four years and have a value of \$345,803 at June 30, 2022. The remaining lease obligation requirements are as follows:

Year Ending	Governmental Activities
2023	\$ 175,982
2024	175,982
Subtotal	351,964
Less: Amount Representing Interest	6,185
Present Value of Future Minimum Lease Payments	\$ 345,779

The following is a summary of changes in capital leases of the District for the year ended June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Lease Liability	\$ 515,624	\$ -	\$ 169,845	\$ 345,779	\$ 171,867

**Note 6 – Defined Benefit Pension Plan**

**Wisconsin Retirement System**

**General Information About the Pension Plan**

**Plan Description.** The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS.

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

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

**SCHOOL DISTRICT OF BELOIT**

Notes to the Financial Statements

June 30, 2022

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**Note 6 – Defined Benefit Pension Plan (Continued)**

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

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

**SCHOOL DISTRICT OF BELOIT**

Notes to the Financial Statements

June 30, 2022

**Note 6 – Defined Benefit Pension Plan (Continued)**

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

During the reporting period, the WRS recognized \$3,070,389 in contributions from the District.

Contribution rates as of June 30, 2022 are:

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

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

At June 30, 2022, the District reported an asset of \$21,337,371 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.26472561%, which was a decrease of 0.00025690% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized a reduction of pension expense of \$1,811,236.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between pension plan projected and actual experiences	\$ 34,469,444	\$ 2,485,619
Changes in assumptions	3,980,823	-
Net differences between pension plan projected and actual earnings on pension plan investments	-	47,733,473
Changes in proportion and differences between employer contributions and proportionate share of contributions	63,587	22,121
Employer contributions subsequent to the measurement date	<u>1,565,963</u>	<u>-</u>
<b>Total</b>	<u>\$ 40,079,817</u>	<u>\$ 50,241,213</u>

**SCHOOL DISTRICT OF БЕЛОIT**

Notes to the Financial Statements

June 30, 2022

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**Note 6 – Defined Benefit Pension Plan (Continued)**

The \$1,565,963 reported as deferred outflows related to pension resulting from the WRS Employer’s contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (966,464)
2024	(5,785,131)
2025	(2,541,110)
2026	(2,434,654)
	<u>\$ (11,727,359)</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	December 31, 2020
Measurement Date of Net Pension Liability (Asset):	December 31, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

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

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

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

**SCHOOL DISTRICT OF БЕЛОIT**

Notes to the Financial Statements

June 30, 2022

**Note 6 – Defined Benefit Pension Plan (Continued)**

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

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

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

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

<sup>3</sup>The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

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

**SCHOOL DISTRICT OF БЕЛОIT**

Notes to the Financial Statements  
June 30, 2022

**Note 6 – Defined Benefit Pension Plan (Continued)**

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

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase To Discount Rate (7.8%)
<b>District’s Proportionate Share of the Net Pension Liability (Asset)</b>	\$ 15,140,377	\$ (21,337,371)	\$ (47,594,563)

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

**Payables to the Pension Plan.** The District is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. The amount due to WRS as of June 30, 2022 is \$347,595 for June payroll.

**Note 7 – Post-Employment Benefits Other than Pension Benefits**

**Plan Description.** The Plan is a single employer defined benefit postemployment health plan that covers eligible retired employees of the District. OPEB benefits are no longer offered to active employees, as the District closed the plan as of July 1, 2016. To be eligible, District employees were required to retire by June 30, 2016, and meet the following age and service requirements:

Classification	Eligibility		Maximum Years of Benefits School Year Retiring			Type of Benefit
	Age	Service	2015	2016	2017 or Later	
Administrators	57	10	5.0	4.0	None	Medical, Dental, Life
	57	11	5.5	4.0	None	Medical, Dental, Life
	57	12+	6.0	4.0	None	Medical, Dental, Life
Teachers, Educational Assistants, Secretaries	55	15	6.0	4.0	None	Medical
Instructional Support	55	15	6.0	4.0	None	Medical, Life
Administrative Assistant	55	15	6.0	4.0	None	Medical, Dental, Life

**Benefits Provided.** Eligible retired employees have access to group medical, dental and life insurance coverage through the District’s group plan, as summarized above.

**Plan Participants.** The following plan participants were covered by the Plan as of July 1, 2021:

Active Employees	-
Inactive Employees	24
	24
	24

**SCHOOL DISTRICT OF БЕЛОIT**

Notes to the Financial Statements

June 30, 2022

**Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)**

**Contributions.** The District contributes the employer share of the premium for medical, dental and life insurance for eligible retirees and their dependents. The retiree remains responsible for the employee share of the premium.

**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:

Actuarial Valuation Date	July 1, 2021 roll back to June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Level Percent of Pay
Discount Rate	3.50%
Investment Rate of Return	3.54%
Health Cost Trend Return	Level at 5.0%
Dental Cost Trend Return	Level at 2.0%

Mortality rates are a blend of the Death-In-Service and Retired Lives mortality rates from the "Wisconsin Retirement System 2015 - 2017 Experience Study" with the MP-2018 generational improvement scale (multiplied by 50%). The actuarial assumptions used in the July 1, 2020 valuation were based on Wisconsin Retirement System's Three-Year Experience Study for the period 2015 through 2017.

The long-term expected rate of return on OPEB plan investments was valued at 3.54%, which is consistent with the current yield for 20 year tax-exempt AA Municipal bond rate or higher as of the measurement date.

**Discount Rate.** The discount rate used to measure the total OPEB liability was 3.5%. The projection of cash flows used to determine the discount rate assumed that the OPEB plan's fiduciary net position was sufficient to make all projected OPEB payments for current plan participants. 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 (asset).

Changes in the Net OPEB Liability (Asset):

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Asset (a) - (b)</b>
<b>Balances at 7/1/21</b>	\$ 248,482	\$ 3,943,897	\$ (3,695,415)
<b>Changes for the year:</b>			
Service Cost	-	-	-
Interest	6,272	-	6,272
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions or Other Input	(288)	-	(288)
Contributions - Employer	-	(1,806)	1,806
Net Investment Income	-	(152,827)	152,827
Benefit Payments	(138,568)	(138,568)	-
Administrative Expense	-	(12,597)	12,597
<b>Net Changes</b>	<b>(132,584)</b>	<b>(305,798)</b>	<b>173,214</b>
<b>Balances at 6/30/22</b>	\$ 115,898	\$ 3,638,099	\$ (3,522,201)

**SCHOOL DISTRICT OF БЕЛОIT**

Notes to the Financial Statements

June 30, 2022

**Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)**

**Sensitivity of the Net OPEB Asset to Changes in the Discount Rate.** The following presents the net OPEB asset of the District, as well as what the District's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5%) or 1-percentage-point higher (4.5%) than the current rate:

	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
<b>Net OPEB Asset</b>	<u>\$ (3,522,528)</u>	<u>\$ (3,522,201)</u>	<u>\$ (3,521,866)</u>

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

	<u>1% Decrease (4.0%)</u>	<u>Healthcare Cost Trend Rates (5.0%)</u>	<u>1% Increase (6.0%)</u>
<b>Net OPEB Asset</b>	<u>\$ (3,523,636)</u>	<u>\$ (3,522,201)</u>	<u>\$ (3,520,759)</u>

**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. Plan fiduciary net position was 3,139.05% of the total OPEB liability.

**Investments.** The Plan does not have a separate investment policy from the District. At June 30, 2022, the Plan 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 Plan investments. The Plan's investments at June 30, 2022 are entirely in cash and in short-term investments in mutual funds. The asset allocation policy is to invest entirely in cash and short-term investments. For the year ended June 30, 2022, the annual money-weighted rate of return, net of investment expenses, was (4.03%), and this is assumed to be the best estimate of the long-term arithmetic rate of return for the Plan's investments.

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

For the year ended June 30, 2021, the District recognized a reduction of OPEB expense of \$91,119.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings on OPEB plan investments	<u>\$ 235,927</u>	<u>\$ 104,687</u>

**SCHOOL DISTRICT OF БЕЛОIT**

Notes to the Financial Statements

June 30, 2022

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**Note 7 – Post-Employment Benefits Other than Pension Benefits (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,	Net Deferred Outflows (Inflows) of Resources
2023	\$ 24,907
2024	21,671
2025	26,491
2026	58,171
	<u>\$ 131,240</u>

**Payable to the OPEB Plan.** At June 30, 2022, the District did not record a payable for the outstanding amount of contribution to the Plan required for the year ended June 30, 2022.

**Note 8 – Fund Equity**

**District-Wide Statements**

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

Net Investment in Capital Assets	
Net Capital Assets	\$ 124,596,652
Less: Related Long-Term Debt Outstanding	(28,367,000)
Less: Debt Premium	(511,484)
Add: Deferred Loss on Advance Refunding	163,065
Less: Lease Liability	(345,779)
Net Investment in Capital Assets	<u>95,535,454</u>
Restricted for	
Pension Benefits - Cost Sharing Plan	11,175,975
Postemployment Benefits - Other than Pension	3,653,441
Self-Insurance	1,902,735
Unspent Common School Funds	3,456
Donor Intentions	299,242
Future Debt Service	9,697,448
Capital Projects	100
Food Service	1,904,656
Community Service	206,960
Total Restricted	<u>28,844,013</u>
Unrestricted	<u>12,305,878</u>
Total District-Wide Net Position	<u>\$ 136,685,345</u>

**SCHOOL DISTRICT OF БЕЛОIT**

Notes to the Financial Statements

June 30, 2022

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**Note 8 – Fund Equity (Continued)**

**Minimum Fund Balance Policy**

The District has adopted a minimum fund balance policy of maintaining 14 - 25% of the subsequent year general fund expenditures in unassigned fund balance. If this fund balance falls below 14%; the Board is required to use budget measures to replenish the fund balance.

Budgeted 2022-2023 General Fund operating expenditures	\$99,478,529	
Minimum fund balance %	x 14%	x 25%
Minimum fund balance amount	<u>\$ 13,926,994</u>	<u>\$ 24,869,632</u>

The District's unassigned General Fund Balance of \$12,031,294 is not within the targeted fund balance range.

**Note 9 – Limitation on School District Revenues**

Wisconsin statutes limit the amount of revenues school districts may derive from general school aids and property taxes unless a higher amount has been approved by a referendum.

This limitation does not apply to revenues needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

**Note 10 – Contingencies**

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

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

**Note 11 – Risk Management**

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

**SCHOOL DISTRICT OF БЕЛОIT**

Notes to the Financial Statements

June 30, 2022

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**Note 12 –Self-Insurance**

The District has a self-funded health and dental insurance plan for its employees. At June 30, 2022, the District has reported a liability of \$2,538,594, which represents reported and unreported claims which were incurred on or before June 30, 2022, but were not paid by the District as of that date. This amount consists of claims which were not yet reported to either Plan administrator or the District of \$2,538,594. The amounts not reported to the District were determined by the Plan administrator.

	<b>Beginning-of- Fiscal Year Liability</b>	<b>Current-Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Balance at Fiscal Year-End</b>
2019 - 2020	\$ 1,590,917	\$ 13,081,791	\$ 13,066,849	\$ 1,605,859
2020 - 2021	1,605,859	18,376,526	18,113,922	1,868,463
2021 - 2022	1,868,463	15,834,097	15,163,966	2,538,594

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF BELOIT**

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

WRS Fiscal Year End Date (Measurement Date)	District's Proportion of the Net Pension Asset/Liability	District's Proportionate Share of the Net Pension (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2021	0.26472561%	\$ (21,337,371)	\$ 45,652,548	46.74%	106.02%
12/31/2020	0.26498251%	(16,543,225)	43,852,410	37.72%	105.26%
12/31/2019	0.26491225%	(8,541,980)	42,244,612	20.22%	102.96%
12/31/2018	0.26803457%	9,535,829	41,042,506	23.23%	96.45%
12/31/2017	0.27705518%	(8,255,997)	39,161,065	21.08%	102.93%
12/31/2016	0.28572704%	2,355,073	39,495,041	5.96%	99.12%
12/31/2015	0.29772012%	4,837,864	42,044,113	11.51%	98.20%
12/31/2014	0.30396000%	(7,465,264)	40,219,358	18.56%	102.74%

Schedule of Employer Contributions  
Wisconsin Retirement System (WRS)

District Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2022	\$ 3,070,389	\$ 3,070,389	\$ -	\$ 46,346,374	6.62%
6/30/2021	2,693,706	2,693,706	-	39,906,747	6.75%
6/30/2020	2,905,808	2,905,808	-	43,537,212	6.67%
6/30/2019	2,754,824	2,754,824	-	41,581,316	6.63%
6/30/2018	2,711,835	2,711,835	-	40,177,181	6.75%
6/30/2017	2,683,717	2,683,717	-	40,080,645	6.70%
6/30/2016	2,678,140	2,678,140	-	39,931,813	6.71%
6/30/2015	3,047,621	3,047,621	-	44,129,556	6.91%

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

**SCHOOL DISTRICT OF BELOIT**  
Schedule of Changes in Net OPEB Asset, Fiduciary Net Position, and Related Ratios  
Other Post-Employment Benefits  
Last 10 Measurement Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>						
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	6,272	43,550	94,478	228,659	299,392	365,438
Changes of Benefit Terms	-	(4,985)	-	-	-	-
Differences Between Expected and Actual Experience	-	(573,036)	-	(2,679,197)	-	-
Changes of Assumptions or Other Input	(288)	(727)	-	(210,098)	-	-
Benefit Payments	(125,971)	(909,638)	(1,078,708)	(1,162,876)	(1,241,717)	(2,007,962)
Administrative Expenses	(12,597)	(11,570)	(10,236)	(10,236)	(9,375)	(8,612)
<b>Net Change in Total OPEB Liability</b>	<u>(132,584)</u>	<u>(1,456,406)</u>	<u>(994,466)</u>	<u>(3,833,748)</u>	<u>(951,700)</u>	<u>(1,651,136)</u>
<b>Total OPEB Liability - Beginning</b>	<u>248,482</u>	<u>1,704,888</u>	<u>2,699,354</u>	<u>6,533,102</u>	<u>7,484,802</u>	<u>9,135,938</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 115,898</u>	<u>\$ 248,482</u>	<u>\$ 1,704,888</u>	<u>\$ 2,699,354</u>	<u>\$ 6,533,102</u>	<u>\$ 7,484,802</u>
<b>Fiduciary Net Position</b>						
Contributions - Employer	\$ (1,806)	\$ 312,393	\$ -	\$ 1,820,651	\$ 1,973,944	\$ 2,272,081
Contributions - Plan Member	-	-	22,412	33,803	44,291	47,563
Net Investment Income	(152,827)	307,412	203,293	155,156	118,760	115,790
Benefit Payments	(138,568)	(921,208)	(1,078,708)	(1,162,876)	(1,241,717)	(2,007,962)
Administrative Expense	(12,597)	(11,570)	(10,236)	(10,236)	(9,375)	(8,612)
<b>Net Change in Fiduciary Net Position</b>	<u>(305,798)</u>	<u>(312,973)</u>	<u>(863,239)</u>	<u>836,498</u>	<u>885,903</u>	<u>418,860</u>
<b>Fiduciary Net Position - Beginning</b>	<u>3,943,897</u>	<u>4,256,870</u>	<u>5,120,109</u>	<u>4,283,611</u>	<u>3,397,708</u>	<u>2,978,848</u>
<b>Fiduciary Net Position - Ending (b)</b>	<u>\$ 3,638,099</u>	<u>\$ 3,943,897</u>	<u>\$ 4,256,870</u>	<u>\$ 5,120,109</u>	<u>\$ 4,283,611</u>	<u>\$ 3,397,708</u>
<b>Net OPEB Asset (a) - (b)</b>	<u>\$ (3,522,201)</u>	<u>\$ (3,695,415)</u>	<u>\$ (2,551,982)</u>	<u>\$ (2,420,755)</u>	<u>\$ 2,249,491</u>	<u>\$ 4,087,094</u>
Fiduciary Net Position as a Percentage of the Total OPEB Asset	3139.05%	1587.20%	249.69%	189.68%	65.57%	45.39%
Covered-Employee Payroll	\$ 47,576,781	\$ 54,686,990	\$ 41,401,714	\$ 40,589,916	\$ 39,196,906	\$ 37,546,638
Net OPEB Asset as a Percentage of Covered-Employee Payroll	-7.40%	-6.76%	-6.16%	-5.96%	5.74%	10.89%
Annual Money-Weighted Rate of Return, Net of Investment Expenses	-4.03%	7.50%	4.34%	3.30%	3.09%	3.63%

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

**SCHOOL DISTRICT OF BELOIT**  
Schedule of Employer Contributions - Other Post-Employment Benefits  
Last 10 Measurement Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ (1,319,020)	\$ (944,182)	\$ (454,299)	\$ 367,892	\$ 680,949	\$ 680,949
Contributions in Relation to the Actuarially Determined Contribution	2,892	13,309	-	1,854,454	1,973,944	1,973,944
Contribution Deficiency (Excess)	<u>\$ (1,321,912)</u>	<u>\$ (957,491)</u>	<u>\$ (454,299)</u>	<u>\$ (1,486,562)</u>	<u>\$ (1,292,995)</u>	<u>\$ (1,292,995)</u>
Covered-Employee Payroll	\$ 47,576,781	\$ 54,686,990	\$ 41,401,714	\$ 40,589,916	\$ 39,196,906	\$ 37,546,638
Contributions as a percentage of Covered-Employee Payroll	0.01%	0.02%	0.00%	4.57%	5.04%	5.26%
<b>Key Methods and Assumptions Used to Calculate ADC</b>						
Actuarial Cost Method	Entry Age Normal - Level % of Salary					
Asset Valuation Method	Market Value					
Amortization Method	5 Year Level Dollar	6 Year Level Dollar	6 Year Level Dollar			
Discount Rate	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Inflation	2.16%	2.16%	3.50%	3.50%	3.50%	3.50%
Valuation Date						

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

	Budgeted Amounts		Actual Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,368,523	\$ 1,368,523	\$ 1,362,499	\$ (6,024)
Other Local Sources	367,914	367,914	227,081	(140,833)
Interdistrict Sources	1,176,847	1,176,847	1,095,840	(81,007)
Intermediate Sources	-	79,099	78,849	(250)
State Sources	75,770,194	76,782,259	76,513,156	(269,103)
Federal Sources	3,775,129	14,065,504	13,222,972	(842,532)
Other Sources	755,771	755,771	1,082,887	327,116
<b>Total Revenues</b>	<b>83,214,378</b>	<b>94,595,917</b>	<b>93,583,284</b>	<b>(1,012,633)</b>
<b>EXPENDITURES</b>				
<b>Instruction</b>				
Regular Instruction	30,604,196	38,901,825	33,675,569	5,226,256
Vocational Instruction	1,793,686	1,850,300	1,662,618	187,682
Physical Instruction	2,024,672	2,025,135	2,069,054	(43,919)
Other Instruction	3,968,581	4,287,496	3,946,087	341,409
<b>Total Instruction</b>	<b>38,391,135</b>	<b>47,064,756</b>	<b>41,353,328</b>	<b>5,711,428</b>
<b>Support Services</b>				
Pupil Services	4,249,677	4,426,584	4,404,864	21,720
Instructional Staff Services	6,315,859	7,095,941	7,041,873	54,068
General Administration Services	1,332,879	1,397,879	1,811,818	(413,939)
School Building Administration Services	6,032,706	6,038,898	5,859,115	179,783
Business Administration	786,651	786,651	820,514	(33,863)
Operations and Maintenance	10,406,252	10,861,456	10,863,539	(2,083)
Pupil Transportation	1,007,301	1,115,516	1,289,660	(174,144)
Internal Services	424,651	424,651	444,241	(19,590)
Central Services	1,263,103	1,316,654	1,577,737	(261,083)
Insurance	646,197	646,197	617,156	29,041
Other Support Services	1,907,133	1,973,285	1,693,745	279,540
<b>Total Support Services</b>	<b>34,372,409</b>	<b>36,083,712</b>	<b>36,424,262</b>	<b>(340,550)</b>
<b>Non-Program Transactions</b>				
General Tuition Payments	6,350,000	6,425,063	7,683,332	(1,258,269)
Voucher Payments	1,390,151	1,390,151	1,381,815	8,336
Independent Charter School Payments	3,353,765	3,353,765	3,259,454	94,311
Adjustments and Refunds	-	-	10,038	(10,038)
<b>Total Non-Program Transactions</b>	<b>11,093,916</b>	<b>11,168,979</b>	<b>12,334,639</b>	<b>(1,165,660)</b>
<b>Total Expenditures</b>	<b>83,857,460</b>	<b>94,317,447</b>	<b>90,112,229</b>	<b>4,205,218</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(643,082)</b>	<b>278,470</b>	<b>3,471,055</b>	<b>3,192,585</b>
<b>OTHER FINANCING SOURCE (USE)</b>				
Sale of Equipment	-	-	155,869	155,869
Transfer to Other Funds	(9,927,303)	(9,927,303)	(9,860,141)	67,162
<b>Total Other Financing Source (Use)</b>	<b>(9,927,303)</b>	<b>(9,927,303)</b>	<b>(9,704,272)</b>	<b>223,031</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>(10,570,385)</b>	<b>(9,648,833)</b>	<b>(6,233,217)</b>	<b>3,415,616</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>20,460,378</b>	<b>20,460,378</b>	<b>20,460,378</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 9,889,993</b>	<b>\$ 10,811,545</b>	<b>\$ 14,227,161</b>	<b>\$ 3,415,616</b>

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

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**Budgets and Budgetary Accounting**

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub function level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

The District follows these procedures in establishing the budgetary data:

- a. Based upon requests from district staff, district administration recommends budget proposals to the school board.
- b. The school board reviews a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- c. Pursuant to a public budget hearing, the school board may make alterations to the proposed budget.
- d. Once the school board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations, unless authorized by a 2/3 vote of the entire school board.

**Basis of Accounting**

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

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

**Excess of Actual Expenditures Over Budget**

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

Individual Function	Excess Expenditures
Physical Instruction	\$ 43,919
General Administration Services	413,939
Business Administration	33,863
Operations and Maintenance	2,083
Pupil Transportation	174,144
Internal Services	19,590
Central Services	261,083
General Tuition Payments	1,258,269
Adjustments and Refunds	10,038

**SCHOOL DISTRICT OF BELOIT**  
Notes to Required Supplementary Information (Continued)  
For the Year Ended June 30, 2022

**Budget-to-Actual Reconciliation**

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

	<b>General Fund</b>
<b>Sources/Inflows of Resources:</b>	
Actual Amounts (Budgetary Basis) "Total Revenues and Other Financing Source" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 93,739,153
<b>Differences – Budget to GAAP:</b>	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	6,014,230
Total Revenues and Other Financing Source as Reported on the Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Funds	\$ 99,753,383
<b>Uses/Outflows of Resources:</b>	
Actual Amounts (Budgetary Basis) "Total Expenditures and Other Financing Use" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 99,972,370
<b>Differences – Budget to GAAP:</b>	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	15,860,458
The Transfer to the Special Education Fund is Eliminated because it is Considered to be Part of the General Fund.	(9,846,228)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$ 105,986,600

**SCHOOL DISTRICT OF BELOIT**  
Notes to Required Supplementary Information (Continued)  
June 30, 2022

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**Defined Benefit Pension Plan**

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

*Changes of assumptions.*

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

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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.

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

*Changes of benefit terms.* There were no changes of benefit terms for the District's single-employer plan providing health insurance benefits to retirees.

*Changes of assumptions.* As of the measurement date of June 30, 2022, the assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 2.16% to 3.54% for the current year.

**SUPPLEMENTARY INFORMATION**

**SCHOOL DISTRICT OF BELOIT**

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

	Special Revenue				Debt Service	Capital Projects	Total Nonmajor Governmental Funds
	Special Revenue Trust	Food Service	Community Service	Co-operative Program	Non-Referendum Deb Service	Long-term Capital Improvement	
<b>ASSETS</b>							
Cash and Investments	\$ 295,742	\$ 1,803,098	\$ 206,960	\$ -	\$ 672,921	\$ 100	\$ 2,978,821
Accounts Receivable	3,500	4,306	-	-	-	-	7,806
Due from Federal Government	-	134,995	-	-	-	-	134,995
Inventory	-	49,303	-	-	-	-	49,303
Prepaid Items	-	34,077	-	-	-	-	34,077
<b>Total Assets</b>	<u>\$ 299,242</u>	<u>\$ 2,025,779</u>	<u>\$ 206,960</u>	<u>\$ -</u>	<u>\$ 672,921</u>	<u>\$ 100</u>	<u>\$ 3,205,002</u>
<b>LIABILITIES</b>							
Accounts Payable	\$ -	\$ 16,488	\$ -	\$ -	\$ -	\$ -	\$ 16,488
Unearned Revenue	-	21,255	-	-	-	-	21,255
<b>Total Liabilities</b>	<u>-</u>	<u>37,743</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,743</u>
<b>FUND BALANCES</b>							
Nonspendable:							
Inventory	-	49,303	-	-	-	-	49,303
Prepaid Items	-	34,077	-	-	-	-	34,077
Restricted	299,242	1,904,656	206,960	-	672,921	100	3,083,879
<b>Total Fund Balances</b>	<u>299,242</u>	<u>1,988,036</u>	<u>206,960</u>	<u>-</u>	<u>672,921</u>	<u>100</u>	<u>3,167,259</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 299,242</u>	<u>\$ 2,025,779</u>	<u>\$ 206,960</u>	<u>\$ -</u>	<u>\$ 672,921</u>	<u>\$ 100</u>	<u>\$ 3,205,002</u>

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

	Special Revenue			Debt Service	Capital Projects	Total Nonmajor Governmental Funds	
	Special Revenue Trust	Food Service	Community Service	Co-Operative Program	Non-Referendum Debt Service		Long-term Capital Improvement
<b>REVENUES</b>							
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 962,778	\$ -	\$ 962,778
Other Local Sources	172,740	15,497	-	4,325	103	-	192,665
Interdistrict Sources	-	-	-	23,610	-	-	23,610
Intermediate Sources	-	-	-	4,000	-	-	4,000
Federal Sources	-	4,984,002	-	-	-	-	4,984,002
<b>Total Revenues</b>	<u>172,740</u>	<u>4,999,499</u>	<u>-</u>	<u>31,935</u>	<u>962,881</u>	<u>-</u>	<u>6,167,055</u>
<b>EXPENDITURES</b>							
<b>Instruction:</b>							
General Instruction	10,068	-	-	-	-	-	10,068
Vocational Instruction	1,705	-	-	10,531	-	-	12,236
Other Instruction	126,717	-	-	28,539	-	-	155,256
<b>Total Instruction</b>	<u>138,490</u>	<u>-</u>	<u>-</u>	<u>39,070</u>	<u>-</u>	<u>-</u>	<u>177,560</u>
<b>Support Services:</b>							
Business Services	-	8,429	-	-	-	-	8,429
Operations and Maintenance	2,986	59,563	-	-	-	-	62,549
Pupil Transportation	21,773	91	-	6,778	-	-	28,642
Food Services	-	3,951,701	-	-	-	-	3,951,701
Central Services	-	774	-	-	-	-	774
Debt Service							
Principal	-	-	-	-	750,000	-	750,000
Interest and Fiscal Charges	-	-	-	-	207,667	-	207,667
<b>Total Support Services</b>	<u>24,759</u>	<u>4,020,558</u>	<u>-</u>	<u>6,778</u>	<u>957,667</u>	<u>-</u>	<u>5,009,762</u>
<b>Total Expenditures</b>	<u>163,249</u>	<u>4,020,558</u>	<u>-</u>	<u>45,848</u>	<u>957,667</u>	<u>-</u>	<u>5,187,322</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>9,491</u>	<u>978,941</u>	<u>-</u>	<u>(13,913)</u>	<u>5,214</u>	<u>-</u>	<u>979,733</u>
<b>OTHER FINANCING SOURCE</b>							
Transfer from General Fund	-	-	-	13,913	-	-	13,913
<b>NET CHANGES IN FUND BALANCES</b>	<u>9,491</u>	<u>978,941</u>	<u>-</u>	<u>-</u>	<u>5,214</u>	<u>-</u>	<u>993,646</u>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<u>289,751</u>	<u>1,009,095</u>	<u>206,960</u>	<u>-</u>	<u>667,707</u>	<u>100</u>	<u>2,173,613</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 299,242</u>	<u>\$ 1,988,036</u>	<u>\$ 206,960</u>	<u>\$ -</u>	<u>\$ 672,921</u>	<u>\$ 100</u>	<u>\$ 3,167,259</u>

**SCHOOL DISTRICT OF BELOIT**

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

	<u>General</u>	<u>Special Education</u>	<u>Total General Fund</u>
<b>ASSETS</b>			
Cash and Investments	\$ 14,986,459	\$ 920,423	\$ 15,906,882
Receivables:			
Taxes	1,343,523	-	1,343,523
Accounts	373,473	81	373,554
Due from State Government	215,036	-	215,036
Due from Federal Government	6,054,735	248,839	6,303,574
Prepaid Items	289,676	-	289,676
<b>TOTAL ASSETS</b>	<u>\$ 23,262,902</u>	<u>\$ 1,169,343</u>	<u>\$ 24,432,245</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts Payable	\$ 33,104	\$ 11,947	\$ 45,051
Accrued Liabilities	5,079,749	1,156,267	6,236,016
Due to Other Governments	605	-	605
Due to State Government	-	404	404
Self-Insurance Deposits Payable	1,383,689	-	1,383,689
Health Benefit Claims Payable	2,538,594	-	2,538,594
Deferred Revenue	-	725	725
<b>Total Liabilities</b>	<u>9,035,741</u>	<u>1,169,343</u>	<u>10,205,084</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid Items	289,676	-	289,676
Restricted:			
Self-Insurance	1,902,735	-	1,902,735
Unspent Common School funds	3,456	-	3,456
Unassigned	12,031,294	-	12,031,294
<b>Total Fund Balances</b>	<u>14,227,161</u>	<u>-</u>	<u>14,227,161</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 23,262,902</u>	<u>\$ 1,169,343</u>	<u>\$ 24,432,245</u>

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

	General	Special Education	Total General Fund
<b>REVENUES</b>			
Property Taxes	\$ 1,362,499	\$ -	\$ 1,362,499
Other Local Sources	227,081	-	227,081
Interdistrict Sources	1,095,840	-	1,095,840
Intermediate Sources	78,849	-	78,849
State Sources	76,513,156	3,969,261	80,482,417
Federal Sources	13,222,972	2,040,846	15,263,818
Other Sources	1,082,887	4,123	1,087,010
<b>Total Revenues</b>	<u>93,583,284</u>	<u>6,014,230</u>	<u>99,597,514</u>
<b>EXPENDITURES</b>			
<b>Instruction</b>			
Regular Instruction	33,675,569	-	33,675,569
Vocational Instruction	1,662,618	-	1,662,618
Physical Instruction	2,069,054	-	2,069,054
Special Instruction	-	10,473,821	10,473,821
Other Instruction	3,946,087	-	3,946,087
<b>Total Instruction</b>	<u>41,353,328</u>	<u>10,473,821</u>	<u>51,827,149</u>
<b>Support Services</b>			
Pupil Services	4,404,864	2,889,408	7,294,272
Instructional Staff Services	7,041,873	905,506	7,947,379
General Administration Services	1,811,818	-	1,811,818
School Building Administration Services	5,859,115	-	5,859,115
Business Services	820,514	-	820,514
Operations and Maintenance	10,863,539	2,100	10,865,639
Pupil Transportation	1,289,660	1,123,610	2,413,270
Internal Services	444,241	-	444,241
Central Services	1,577,737	4,194	1,581,931
Insurance	617,156	-	617,156
Other Support Services	1,693,745	-	1,693,745
<b>Total Support Services</b>	<u>36,424,262</u>	<u>4,924,818</u>	<u>41,349,080</u>
<b>Non-Program Transactions</b>			
General Tuition Payments	7,683,332	-	7,683,332
Non-Program Payments	-	461,819	461,819
Voucher Payments	1,381,815	-	1,381,815
Independent Charter School Payments	3,259,454	-	3,259,454
Adjustments and Refunds	10,038	-	10,038
<b>Total Non-Program Transactions</b>	<u>12,334,639</u>	<u>461,819</u>	<u>12,796,458</u>
<b>Total Expenditures</b>	<u>90,112,229</u>	<u>15,860,458</u>	<u>105,972,687</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>3,471,055</u>	<u>(9,846,228)</u>	<u>(6,375,173)</u>
<b>OTHER FINANCING SOURCES (USE)</b>			
Sale of Equipment	155,869	-	155,869
Transfer from Other Funds	-	9,846,228	9,846,228
Transfer to Other Funds	(9,860,141)	-	(9,860,141)
<b>Total Other Financing Sources (Use)</b>	<u>(9,704,272)</u>	<u>9,846,228</u>	<u>141,956</u>
<b>NET CHANGES IN FUND BALANCES</b>	(6,233,217)	-	(6,233,217)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	20,460,378	-	20,460,378
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 14,227,161</u>	<u>\$ -</u>	<u>\$ 14,227,161</u>

## **ADDITIONAL REPORTS**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of Beloit (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 11, 2022.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as a item 2022-001 that we consider 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*.

To the Board of Education  
School District of Beloit

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

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

### **Purpose of This Report**

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

*KerberRose SC*

**KerberRose SC**  
**Certified Public Accountants**  
Appleton, Wisconsin  
November 11, 2022

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

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

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

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

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

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

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

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin Department of Public Instruction Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin Department of Public Instruction Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, *State Single Audit Guidelines* and the *Wisconsin Department of Public Instruction Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

To the Board of Education  
School District of Beloit

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*KerberRose SC*

**KerberRose SC**  
**Certified Public Accountants**  
Appleton, Wisconsin  
November 11, 2022

**FEDERAL AND STATE AWARDS SECTION**

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

Grantor Agency/Federal Program Title	ALN	Pass-Through Agency	Pass-Through Number	(Accrued) Deferred Revenue 7/1/2021	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2022	Total Expenditures	Subrecipient Payments
<b>U.S. DEPARTMENT OF AGRICULTURE</b>								
<i>CHILD NUTRITION CLUSTER</i>								
School Breakfast Program	10.553	WI DPI	2022-530413-DPI-SB-546	\$ -	\$ 1,096,280	\$ 18,769	\$ 1,115,049	\$ -
National School Lunch Program	10.555	WI DPI	2021-530413-DPI-NSLAE-566	(45,543)	45,543	-	-	-
National School Lunch Program	10.555	WI DPI	2022-530413-DPI-NSLAE-566	-	33,169	138	33,307	-
National School Lunch Program	10.555	WI DPI	2022-530413-DPI-NSL-547	-	3,066,398	42,167	3,108,565	-
Donated Commodities 2021-22	10.555	WI DPI	2022-530413-DPI-NSL-547	-	379,753	-	379,753	-
<i>Total National School Lunch Program</i>				<u>(45,543)</u>	<u>3,524,863</u>	<u>42,305</u>	<u>3,521,625</u>	<u>-</u>
Summer Food Service Program - COVID-19	10.559	WI DPI	2021-530413-DPI-SFSP-566	(474,592)	474,592	-	-	-
Summer Food Service Program - COVID-19	10.559	WI DPI	2022-530413-DPI-SFSP-566	-	130,358	39,722	170,080	-
<i>Total Summer Food Service Program</i>				<u>(474,592)</u>	<u>604,950</u>	<u>39,722</u>	<u>170,080</u>	<u>-</u>
Fresh Fruit and Vegetable Program	10.582	WI DPI	2021-530413-20FFVP-OCT-376	(6,947)	6,947	-	-	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2022-530413-20FFVP-OCT-376	-	143,049	34,199	177,248	-
<i>Total Fresh Fruit and Vegetable Program</i>				<u>(6,947)</u>	<u>149,996</u>	<u>34,199</u>	<u>177,248</u>	<u>-</u>
<b>Total U.S. Department of Agriculture and Child Nutrition Cluster</b>				<u>(527,082)</u>	<u>5,376,089</u>	<u>134,995</u>	<u>4,984,002</u>	<u>-</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2021-530413-DPI-TIA-141	(789,479)	789,479	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-530413-DPI-TIA-141	-	2,094,612	798,935	2,893,547	-
<i>Total Title I Grants to Local Educational Agencies</i>				<u>(789,479)</u>	<u>2,884,091</u>	<u>798,935</u>	<u>2,893,547</u>	<u>-</u>
<i>SPECIAL EDUCATION CLUSTER</i>								
Special Education Grants to States	84.027	WI DPI	2021-530413-IDEA-FT-341	(176,204)	176,204	-	-	-
Special Education Grants to States	84.027	WI DPI	2022-530413-IDEA-FT-341	-	1,200,013	213,408	1,413,421	-
Special Education Grants to States - Discretionary	84.027	WI DPI	2022-530413-IDEA-FT-342	-	11,497	2,349	13,846	-
Special Education Grants to States - ARPA	84.027	WI DPI	2022-530413-IDEA-FT-344	-	306,033	212,561	518,594	-
Special Education Preschool Grants	84.173	WI DPI	2022-530413-IDEA-PS-346	-	-	9,223	9,223	-
Special Education Preschool Grants	84.173	WI DPI	2021-530413-IDEA-PS-347	(22,125)	22,125	-	-	-
Special Education Preschool Grants	84.173	WI DPI	2022-530413-IDEA-PS-347	-	61,994	9,252	71,246	-
<i>Total Special Education Cluster</i>				<u>(198,329)</u>	<u>1,777,866</u>	<u>446,793</u>	<u>2,026,330</u>	<u>-</u>
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2021-530413-DPI-CTE-400	(35,061)	35,061	-	-	-
Career and Technical Education - Basic Grants to States	84.048	CESA 1	2022-530413-DPI-CTE-400	-	66,349	-	66,349	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2021-530413-CLC-DPI-367	(82,782)	82,782	-	-	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2022-530413-CLC-DPI-367	-	362,725	60,411	423,136	-
English Language Acquisition State Grants	84.365	WI DPI	2021-530413-DPI-T3-391	(5,046)	5,046	-	-	-
English Language Acquisition State Grants	84.365	WI DPI	2022-530413-DPI-T3-391	-	131,477	17,099	148,576	-
Improving Teacher Quality State Grants	84.367	WI DPI	2021-530413-DPI-TIIA-365	(76,983)	76,983	-	-	-
Improving Teacher Quality State Grants	84.367	WI DPI	2022-530413-DPI-TIIA-365	-	116,174	97,138	213,312	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2022-530413-DPI-TIVA-381	-	175,436	-	175,436	-
Governors Emergency Education Relief Fund	84.425C	WI DPI	2021-530413-DPI-GEERF-162	(192)	192	-	-	-
Governors Emergency Education Relief Fund	84.425C	WI DPI	2022-530413-DPI-GEERF-162	-	1,875	7,189	9,064	-
Elementary and Secondary School Emergency Relief - COVID-19	84.425D	WI DPI	2021-530413-DPI-ESSERF-160	(1,834,539)	1,834,539	-	-	-
Elementary and Secondary School Emergency Relief II	84.425D	WI DPI	2022-530413-DPI-ESSERF-163	-	2,069,251	4,803,134	6,872,385	-
ARPA - General Education	84.425U	WI DPI	2022-530413-DPI-ESSERF-165	-	-	68,864	68,864	-
ARPA - Homeless Children and Youth - Part 1	84.425W	WI DPI	2022-530413-DPI-ESSERF-168	-	5,219	4,739	9,958	-
<b>Total U.S. Department of Education</b>				<u>(3,022,411)</u>	<u>9,625,066</u>	<u>6,304,302</u>	<u>12,906,957</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>								
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS	Not Available	(1,868)	1,868	-	-	-
Medical Assistance Program	93.778	WI DHS	Not Available	-	1,385,475	-	1,385,475	-
<b>Total U.S. Department of Health and Human Services and Medicaid Cluster</b>				<u>(1,868)</u>	<u>1,387,343</u>	<u>-</u>	<u>1,385,475</u>	<u>-</u>
<b>TOTAL FEDERAL ASSISTANCE</b>				<u>\$ (3,551,361)</u>	<u>\$ 16,388,498</u>	<u>\$ 6,439,297</u>	<u>\$ 19,276,434</u>	<u>\$ -</u>

Reconciliation to the basic financial statements:

Governmental Funds	
Federal Sources	\$ 20,247,820
Intermediate Sources	66,349
Less: Nonreportable grants	<u>(1,037,735)</u>
Total expenditures of federal awards	<u>\$ 19,276,434</u>

**SCHOOL DISTRICT OF БЕЛОIT**  
Schedule of State Financial Assistance  
For the Year Ended June 30, 2022

Awarding Agency/ Awarding Description/ Pass-Through Agency	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/2021	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2022	Total Expenditures	Subrecipient Payments
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>								
Special Education and School Age Parents	255.101	Direct Program	530413-100	\$ -	\$ 3,850,229	\$ -	\$ 3,850,229	\$ -
Common School Fund Library Aid	255.103	Direct Program	530413-104	-	299,284	-	299,284	-
Bilingual Bicultural Aid Lea	255.106	Direct Program	530413-111	-	294,542	-	294,542	-
General Transportation Aid	255.107	Direct Program	530413-102	-	27,574	-	27,574	-
Equalization Aids	255.201	Direct Program	530413-116	(1,060,581)	68,413,608	-	67,353,027	-
High Cost Special Education Aid	255.210	Direct Program	530413-119	-	97,991	-	97,991	-
Aid for Mental Health Programs	255.227	Direct Program	530413-176	-	-	158,744	158,744	-
School Based Mental Health Services	255.297	Direct Program	530413-177	(39,687)	91,961	14,173	66,447	-
Peer Review and Mentoring	255.301	CESA #1	530413-141	-	12,500	-	12,500	-
Alcohol and Other Drug Abuse	255.306	Direct Program	530413-143	(282)	23,149	2,133	25,000	-
Early College Credit Program	255.445	Direct Program	530413-178	-	544	-	544	-
Achievement Gap Reduction	255.504	Direct Program	530413-160	-	2,777,845	-	2,777,845	-
Aid for High Poverty School Districts	255.926	Direct Program	530413-121	-	347,146	-	347,146	-
Educator Effective Evaluation System	255.940	Direct Program	530413-154	-	43,680	-	43,680	-
Per Pupil Aid	255.945	Direct Program	530413-113	-	4,746,574	-	4,746,574	-
Career and Technical Education Incentive Grants	255.950	Direct Program	530413-171	-	8,771	-	8,771	-
Assessments of Reading Readiness	255.956	Direct Program	530413-166	-	56,000	-	56,000	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	530413-168	-	21,041	-	21,041	-
<b>TOTAL STATE PROGRAMS</b>				<u>\$ (1,100,550)</u>	<u>\$ 81,112,439</u>	<u>\$ 175,050</u>	<u>\$ 80,186,939</u>	<u>\$ -</u>

Reconciliation to the basic financial statements:

Governmental Funds	
State sources	\$ 80,482,417
Intermediate sources	12,500
Less: State sources not considered state financial assistance	
State tax exempt aid	(307,978)
Total expenditures of state awards	<u>\$ 80,186,939</u>

## SCHOOL DISTRICT OF BELOIT

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

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### **Note 1 – Basis of Presentation**

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the School District of Beloit under programs of the federal and state governments for the year ended June 30, 2022. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *State Single Audit Guidelines*. Because the schedules present only a select portion of operations of the District, they are not intended to, and do not, present the financial position and change in net position of the District.

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

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

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

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

2021 - 2022 eligible costs under the State Special Education Program are \$14,103,040.

### **Note 4 – Oversight Agencies**

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

**SCHOOL DISTRICT OF BELOIT**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2022

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

**Financial Statements**

Type of auditors’ report issued	Unmodified
Internal control over financial reporting	
Material weakness identified?	No
Significant deficiency identified?	Yes
Noncompliance material to the financial statements?	No

**Federal Awards**

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

Identification of major federal programs:

ALN	Name of Federal Program
	Education Stabilization Funds
84.425C	Governor’s Emergency Education Relief Fund
84.425D	Elementary and Secondary School Emergency Relief Fund
84.425U	ARPA – General Education
84.425W	ARPA – Homeless Children and Youth – Part 1
84.010	Grants to Local Educational Agencies
	Medicaid Cluster
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as a low-risk auditee? Yes

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

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**Section I – Summary of Auditors’ Results (Continued)**

**State Awards**

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

Identification of major state programs

State I.D. Number	Name of State Program
255.101	Handicapped Pupils and School Age Parents
255.201	<i>General Equalization Aids Cluster</i>
255.926	General Equalization Aids Aid for High Poverty School Districts
255.945	Per Pupil Aid
255.106	Bilingual Bicultural Aid

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

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**Section II - Financial Statement Findings**

**Finding No.**

**2022-001**                      **Financial Reporting**

**Prior Year  
Audit Finding:**              2021-001

**Condition:**                      During our audit, we noted that the internal control system does not include a process for preparing the annual audited financial statements and the related disclosures in accordance with GAAP.

**Criteria:**                        Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, and disclosures in the financial statements, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

**Cause:**                         Management does not have the training and expertise to prepare the financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

**Effect:**                         Although the auditors are preparing the financial statements and related footnotes, management of the District thoroughly reviews them and accepts responsibility for their completeness and accuracy. The outsourcing is a result of management's cost/benefit decision to use our accounting expertise rather than incurring this internal resource cost.

**Recommendation:**              We recommend that management continues to make this decision on a cost/benefit basis.

**Management's  
Response:**                        Due to limited staffing the District will continue to contract with an outside audit firm to complete the statements. Management reviews the financial statements and compares to the District's financial records for completeness and accuracy and accepts responsibility for those financial statements.

**Responsible  
Official:**                         Wendy LaPointe, Director of Finance

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

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

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**Section III - Federal Award Findings**

There were no findings for federal awards.

**Section IV - State Award Findings**

There were no findings for state awards.

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

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**Financial Statement Finding**

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



### Corrective Action Plan

#### **Financial Statement Findings**

**2022-001 – Financial Reporting** – The District is aware that its staff does not have a process to prepare financial statements and related notes in accordance with GAAP. The District will continue to make this decision on a cost/benefit basis and have auditors assist in preparing the financial statements and related notes. Management does review the financial statements and compares to the District's financial records for completeness and accuracy and accepts responsibility for those financial statements.

**Responsible Official** – Wendy LaPointe – Director of Finance

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