

SCHOOL DISTRICT OF NEW BERLIN

FINANCIAL STATEMENTS

June 30, 2022

SCHOOL DISTRICT OF NEW BERLIN

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INDEPENDENT AUDITOR'S REPORT

Board of Education
School District of New Berlin
New Berlin, Wisconsin

Report on 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 New Berlin, 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 School District of New Berlin as of June 30, 2022, and the respective changes in financial position, where applicable, and the respective budgetary comparisons for the General Fund and Special Education Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 20 to the financial statements, the District has changed its method of accounting for leases for the year ended June 30, 2022 due to the adoption of GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 error or fraud.

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.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – General Fund, Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual – Special Education Fund, Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System, Schedule of Contributions - Wisconsin Retirement System, Schedule of Changes in the Total Pension Liability and Related Ratios - Supplemental Pension Plan, Schedule of Changes in Total OPEB Liability and Related Ratios - Other Post Employment Benefits Plan and Notes to Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplemental financial information; and the schedules of expenditures of federal awards and state awards, as required by the audit 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 by the Wisconsin Department of Administration; are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information and the schedules of expenditures of federal awards and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reports dated December 16, 2022 on our consideration of the School District of New Berlin internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 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 compliance.

SCHUMACHER SAMA, LLP



Wauwatosa, Wisconsin
December 16, 2022

**MANAGEMENT'S DISCUSSION
AND
ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2022

The School District of New Berlin is a public-school District operating kindergarten through 12th grade and limited community programs in accordance with laws and regulations of the State of Wisconsin. Laws and regulations determine the way compliance will be demonstrated, including financial reporting preparation. The discussion and analysis of the School District of New Berlin's financial performance provides an overall review of financial activities for the fiscal year and focuses on school District financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The General Fund (Fund 10) fund balance decreased \$3.0 million from \$17.5 million to \$14.4 million. The fund balance is 29% of the \$49.6 million Fund 10 expenditures (excluding transfers) for the 2021-2022 fiscal year.
- The school board policy is to maintain a minimum General Fund balance equal to 10% of expenditures. The district has met this minimum fund balance as of June 30, 2022.
- Capital assets have been reported at \$108.3 million and accumulated depreciation of \$46.4 million for a net capital asset value of \$61.8 million. The amount listed represents the estimated historical cost of all sites, site improvements, buildings and building improvements, vehicles, and furniture and equipment with a unit value of at least \$5,000. Capital assets are assigned to an expense function and annual and accumulated depreciation for each expense function has been incorporated into the financial statements (see Note 5 in the Notes to the Financial Statements).
- The district follows GASB #73, *Accounting and Financial Reporting for Pensions* for its Supplemental Pension Plan, GASB #74, *Financial Reporting for Post Employment Benefits Other Than Pensions*, and GASB #75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions*. This allows the District to report its total supplemental pension liability and net OPEB liability. As of June 30, 2022, a \$7,267 supplemental pension liability and a \$11,584,869 net OPEB liability are reported in the Statement of Net Position.
- The District follows GASB #68, *Accounting and Financial Reporting for Pension* and GASB #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* for its membership in the Wisconsin Retirement System (WRS) pension plan. This allows the District to report its proportionate share of the WRS plan net pension liability. As of June 30, 2022, a \$12,879,895 net pension asset is reported in the Statement of Net Position.
- The District's overall financial status, as reflected in total net position, increased by \$10,011,427.
- Financial activity resulted in an increase in fund balance in the Food Service Fund (Fund 50) of \$911,703. Revenues of \$2.7 million exceeded expenses of \$1.8 million resulting in an ending fund balance of \$1,623,365.
- Financial activity resulted in an increase in fund balance in the Community Service Fund (Fund 80) of \$217,160. Revenues of \$915,575 exceeded expenditures of \$698,415. The fund balance in Fund 80 is \$1,302,546.
- Financial activity resulted in an increase in fund balance in the Gift Fund (Fund 21) of \$90,237. Revenues of \$1,002,760 exceeded expenses of \$912,523 resulting in an ending fund balance of \$1,263,458 which is restricted per the gift requirements of Fund 21.
- Total revenues for Governmental Funds were \$70.5 million. This amount includes \$43.4 million of local property taxes, \$19.3 million of general federal and state aids, and \$3.3 million of specific federal and state aid. Property taxes represent 61.6% of all revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2022

- The District implemented GASB #87, *Leases* as of July 1, 2021. This resulted in the general fund (Fund 10) recognizing a lease receivable and deferred inflows of resources with a prior period adjustment to fund balance of \$37,935. In addition, the implementation resulted in the government wide statements recognizing a right-of-use leased asset, accumulated amortization, and lease liability with a prior period adjustment to net position of \$469,804.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of four parts:

1. Management's Discussion and Analysis
2. Basic Financial Statements (District-Wide and Fund Statements)
3. Notes to the Financial Statements
4. Required and Additional Supplementary Information

The basic financial statements consist of *District-Wide Financial Statements* and *Fund Statements* that present different views of the District's financial activities.

District-Wide Financial Statements

- The *Statement of Net Position* and *Statement of Activities* provide information on a District-wide basis. These statements present an aggregate view of the District's finances. These statements contain useful long-term information as well as information for the 2021-2022 fiscal year.
- The *Statement of Net Position* compares assets to liabilities to give an overall view of the financial health of the District.
- The *Statement of Activities* defines the District's expenses by function and illustrates the total that is offset by corresponding revenues (charges for services and/or operating grants and contributions). General revenue and any extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue and recognizing the change in net position for the District from the previous year.

Fund Financial Statements

- The remaining statements: *Balance Sheet - Governmental Funds* and *Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds* focuses on individual parts of the District. Fund statements generally report operations in more detail than the District-wide statements and support the *Statement of Net Position*.
- The *Notes to Financial Statements* provide further explanation of some of the information in the statements and provide additional disclosure so statement users have a complete picture of the District's financial activities and position.
- *Required Supplementary Information* further explains and supports the financial statements by including a comparison of the District's budget data for the year and includes all reports in the financial statements through and including the financial notes.
- *Additional Supplementary Information* provides information specific to nonmajor governmental funds. The major features of the District's financial statements, including the portion of the activities reported and type of information contained is shown in the following table (Table 1).

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2022**

Table 1 - Major Features of District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Fund Statements	Proprietary Fund Statements	Fiduciary Fund Statements
Scope	Entire District (except fiduciary funds)	The activity of the District that is not proprietary or fiduciary, such as instructional, support services and community services.	An activity the District operates similar to private businesses. <u>The District does not report any program for this designation.</u>	Assets held by the District on behalf of someone else.
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Basis of Accounting and Measurement Focus	Accrual accounting Economic resources focus	Modified accrual accounting Current financial resources focus	Accrual accounting Economic resources focus	Accrual accounting Economic resources focus
Type of Asset and Liability Information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities are included.	All assets and liabilities, both financial and capital, short-term and long term.	All assets and liabilities, both financial and capital, short-term and long-term. <u>The District's fiduciary funds do not currently contain capital assets.</u>
Type of Inflow and Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year. Expenditures when goods or services have been received and the related liabilities are due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received and paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2022

Table 2 - Condensed Statement of Net Position
(2021 has not been restated for GASB 87 implementation)

	2022	2021	% Change
<u>Assets</u>			
Current Assets	\$ 24,546,751	\$ 25,231,306	(2.7)
Non-Current Assets	75,221,803	72,844,791	3.3
Deferred Outflows of Resources	26,372,905	18,870,130	39.8
Total Assets & Deferred Outflows	\$ 126,141,459	\$ 116,946,227	7.9
<u>Liabilities</u>			
Current Liabilities	\$ 8,721,991	\$ 9,216,295	(5.4)
Long-Term Debt Outstanding	25,174,668	33,126,916	(24.0)
Non-Current Liabilities	11,584,869	13,110,790	(11.6)
Deferred Inflows of Resources	32,310,340	23,623,866	36.8
Total Liabilities & Deferred Inflows	\$ 77,791,868	\$ 79,077,867	(1.6)
<u>Net Position</u>			
Invested in Capital, Net of Related Debt	\$ 33,560,255	\$ 24,795,578	35.3
Restricted	14,268,302	9,352,504	52.6
Unrestricted	521,034	3,720,278	(86.0)
Total Net Position	\$ 48,349,591	\$ 37,868,360	27.7

As of June 30, 2022, the District reported total assets and deferred outflows of \$126.1 million and total liabilities and deferred inflows of \$77.8 million. Net position amounts to \$48.3 million. Non-current asset reporting includes historical cost of sites, site improvements, buildings, building improvements, vehicles, and furniture and equipment (all net of accumulated depreciation).

For Governmental Activities
(2021 has not been restated for GASB 87 implementation)

		Actual 2021-2022	%	Actual 2020-2021	%
<u>Revenues:</u>					
Program	Charges for Services	\$ 2,388,313	3.4	\$ 1,501,090	2.3
	Operating Grants & Cont.	3,342,934	4.7	3,101,591	4.7
General	Property & Other Taxes	43,412,556	61.6	45,742,523	69.1
	General Federal and State Aids	19,325,116	27.4	14,244,846	21.5
	Gifts	223,903	0.3	162,810	0.2
	Other	1,830,683	2.6	1,417,097	2.1
	Total Revenue	\$ 70,523,505	100.0	\$ 66,169,957	100.0

MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2022

Table 3 - Change in Net Position from Operating Results
For Governmental Activities

(2021 has not been restated for GASB 87 implementation)

(continued)

	Actual 2021-2022	%	Actual 2020-2021	%
<u>Expenses:</u>				
Instruction	\$ 35,344,756	58.4	\$ 32,379,508	55.1
Pupil/Instructional Services	5,526,163	9.1	5,493,375	9.4
Business and Administration	16,692,047	27.6	15,754,256	26.8
Other Support	1,759,311	2.9	3,480,102	5.9
Interest on Debt	609,403	1.0	1,105,309	1.9
Community Service	580,398	1.0	528,821	0.9
	<u>\$ 60,512,078</u>	<u>100.0</u>	<u>\$ 58,741,371</u>	<u>100.0</u>
Change in Net Position	<u>\$ 10,011,427</u>		<u>\$ 7,428,586</u>	

Revenues

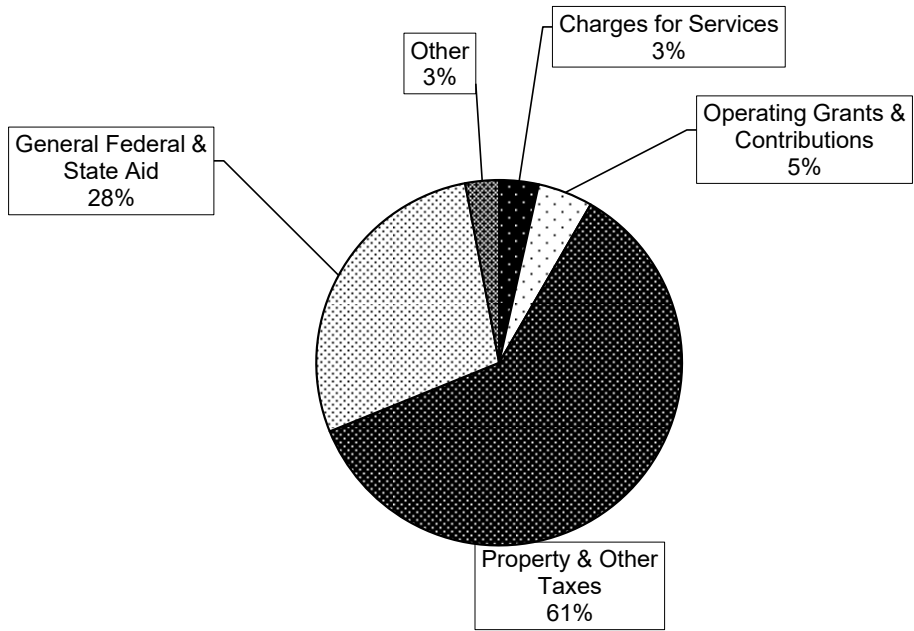
- The District received \$70.5 million in revenue for the 2021-2022 fiscal year. Sixty-one percent (61%) of the District's total revenue came from local school property tax and prior year charge backs. The District received approximately eight percent (8%) in the form of specific use State Grants, Federal Aid, and direct fees for services. Twenty-seven percent (27%) of the total came from general federal and state aids and three percent (3%) from other sources. Local school property taxes decreased approximately eight percent (8%) and general Federal and State aids increased approximately six percent (6%) of total revenue from the previous fiscal year.
- Individuals who directly participated or benefited from a program contributed \$2.4 million of the cost. Book and activity fees, admissions to athletic events, open enrollment tuition, recreation fees, and food services are included as charges for services.
- Federal and State governments subsidized certain specific programs with grants and contributions of approximately \$3.3 million. Special Education Aid, Transportation Aid and Integration Aid are examples of operating grants and contributions.
- General Revenues in the form of property taxes accounted for \$43.4 million and general Federal and State aids for \$19.3 million.

Expenses

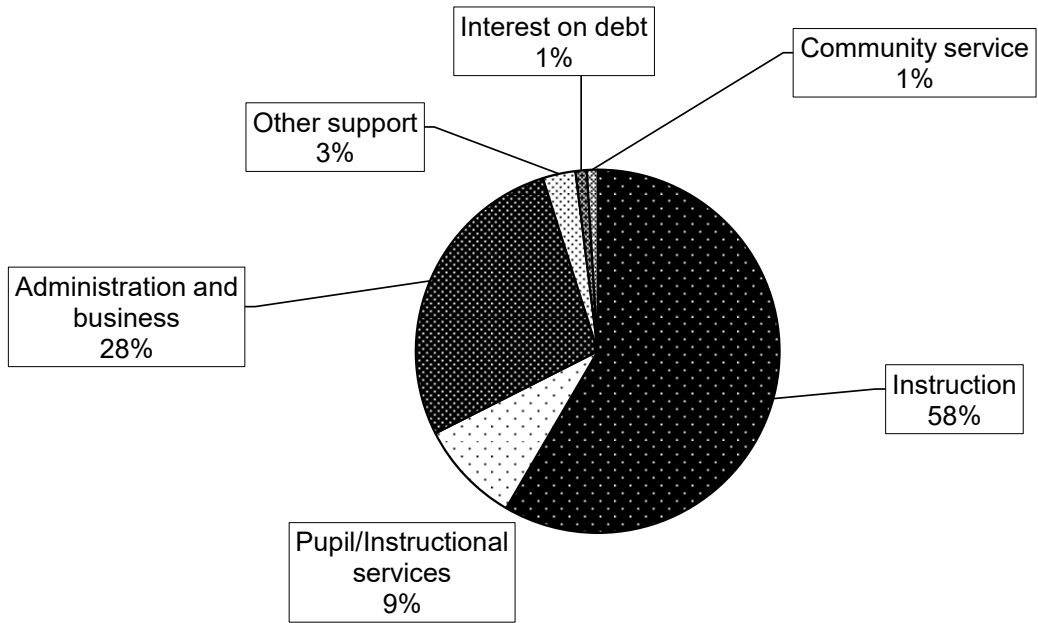
- The District's total expenditure amount was \$60.5 million for fiscal year 2021-2022. Sixty-eight percent (68%) was directed to pupil instruction and instructional services. Costs for teacher salaries/benefits, textbooks, and instructional supplies are examples of pupil instruction and instructional services. Administration and other support account for thirty percent (30%). These costs include administration and support salaries/benefits, district maintenance, utility costs, pupil transportation, legal services, and school business insurance. One percent (1%) was directed to interest on debt. These costs include interest on the repayment of long-term bonds and leases. The costs associated with Community Service account for approximately one percent (1%) of all district expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2022

REVENUE BY SOURCE



EXPENSES BY FUNCTION



MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2022

Table 4 - Net Cost of Governmental Activities
(2021 has not been restated for GASB 87 implementation)

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 35,344,756	\$ 31,209,869	\$ 32,379,508	\$ 29,056,478
Pupil/Instructional Services	5,526,163	4,954,707	5,493,375	4,940,612
Administration and Business	16,692,047	15,998,110	15,754,256	15,233,091
Other Support	1,769,214	1,753,820	2,246,005	2,228,278
Interest on Debt	609,403	609,403	1,105,309	1,105,309
Community Service	580,398	264,825	528,821	340,825
Total	\$ 60,521,981	\$ 54,790,734	\$ 57,507,274	\$ 52,904,593

The net cost of governmental activities was \$54.8 million. The net cost is the total cost less the program revenues. Refer to the Statement of Activities for the detailed adjustments made for the net cost.

Fund Financial Statements

Fund financial statements are prepared on a modified accrual basis of accounting and are designed to demonstrate regulatory compliance and report limitation and restrictions on district assets. Funds are classified as either major or minor depending on the amount of financial activity as compared to financial activity for the district as a whole. Major funds are presented separately on both the *balance sheet* and the *statement of revenues, expenditures and changes in fund balance* whereas non-major funds are combined into a single, aggregated column. Information for each individual nonmajor fund is provided separately as supplementary information. Fund statements have the following characteristics:

- A fund is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities and to demonstrate compliance with finance related legal requirements. Fund statements generally provide information that may be useful in evaluating a district's near-term financing requirements.
- Generally, the focus of fund financial statements is narrower than that of the entity wide statements, reporting on inflows and outflows of spendable resources.

General Fund Budgetary Comparison

The District adopts an interim budget in June for the subsequent year. Consistent with current state statutes and regulations, the original budget is amended in October to reflect the actual revenue cap and state aid certification. The budget was subsequently amended in June of 2022.

General Fund final budget was approved with a deficit of \$6,070,507. Actual results for 2021-2022 show a decrease of \$3,041,065 to the fund balance. This decrease in fund balance was a result of the board of education approving paying off callable debt using fund balance.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2022

Fund Balances

- The District shows a total for all fund balances of \$19.8 million as of June 30, 2022. (See Note 11 in the financial statements for the detail of total governmental fund balances).
- \$14.4 million is in the General Fund (Fund 10). \$2.1 million represents assets reserved for the self-funded insurance program (Note 9 details the program) and \$68,305 represents reserved unspent grant revenue. The District utilizes the unrestricted Fund 10 fund balance for funding short-term operations. The interest earned on investment of these funds provides additional spending capacity.
- \$1.6 million is in the Food Service Fund (Fund 50) and is used for food service equipment replacements.
- The District had a \$1.3 million fund balance in the Community Service Fund (Fund 80) at June 30, 2022.
- The remaining amounts are the balance of the Gift Fund (Fund 21) in the amount of \$1.3 million and the Debt Service Fund in the amount of \$153,860. Fund 21 reflects the balance of awards and donations to the District unspent by June 30, 2022.
- The district adopts an annual appropriation budget for the general fund. Although special education activities are reported in the general fund, the district prepares a separate budgetary comparison statement in compliance with regulatory requirements.

Capital Asset and Debt Administration

Capital Assets

- By the end of the 2022 fiscal year, the District had invested \$108.3 million in a broad range of capital assets including land, buildings, computer and audio-visual equipment, and other instructional or support equipment. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was \$2,785,125, furniture and equipment (including vehicles) originally costing \$31,803 was disposed of, while building improvements and additions to equipment and furniture amounted to \$2,082,018.

Long Term Debt

- As of June 30, 2022 the District had total debt outstanding of \$28.9 million in long-term obligations which includes bonds, notes payable, lease liability, compensated absences. (Note 5 details the District's long-term obligations).

General Obligation Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin State Statutes require that the first property tax receipts be segregated for use for annual debt service payment. The School District of New Berlin complies with all these statutory requirements.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For Year Ended June 30, 2022

Decisions that Will Impact the Future of the District

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

1. The final Biennial Budget for the State of Wisconsin will determine what measures will be required to balance the budgets for fiscal year 2024 and 2025.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, please contact:

Patrick Miller, Chief Finance and Operations Officer
School District of New Berlin
4333 S. Sunny Slope Road
New Berlin, WI 53151

Phone: 262-789-6211
E-mail: patrick.miller@nbexcellence.org

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT OF NEW BERLIN
STATEMENT OF NET POSITION
June 30, 2022

ASSETS

Current Assets

Cash and investments	\$ 18,098,085
Taxes receivable	5,335,727
Accounts receivable	240,336
Current portion of lease receivable	21,338
Due from other governments	841,265
Prepaid expenses	10,000

Total Current Assets 24,546,751

Non-current Assets

Right-of-use leased assets, net of accumulated amortization	447,390
Capital assets, net of accumulated depreciation	61,822,151
Net WRS Pension Asset	12,879,895
Non-current portion of lease receivable	72,367

Total Non-current Assets 75,221,803

Total Assets 99,768,554

Deferred Outflows of Resources

Deferred outflows of resources from WRS pension	24,385,415
Deferred outflows of resources from OPEB	1,987,490

Total Deferred Outflows of Resources 26,372,905

Total Assets and Deferred Outflows of Resources \$ 126,141,459

LIABILITIES

Current Liabilities

Current portion of long-term obligations	3,679,065
Accounts payable and accrued expenses	4,685,580
Net supplemental pension liability	7,267
Unearned revenue	89,393
Other current liabilities	260,686

Total Current Liabilities 8,721,991

Non-current Liabilities

Net OPEB liability	11,584,869
Non-current portion of long-term obligations	25,174,668

Total Non-current Liabilities 36,759,537

Total Liabilities 45,481,528

Deferred Inflows of Resources

Deferred inflows of Resources from Leases	61,530
Deferred inflows of resources from WRS pension	30,402,136
Deferred inflows of resources from OPEB	1,846,674

Total Deferred Inflows of Resources 32,310,340

Total Liabilities and Deferred Inflows of Resources 77,791,868

NET POSITION

Net investment in capital assets	33,560,255
Restricted	14,268,302
Unrestricted	521,034

Total Net Position 48,349,591

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 126,141,459

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF NEW BERLIN
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes In Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Instruction				
Regular	\$ 25,435,167	\$ 1,305,943	\$ 659,190	\$ (23,470,034)
Physical	1,207,212	65,820	-	(1,141,392)
Vocational	961,038	64,797	-	(896,241)
Special education	6,079,595	-	1,889,346	(4,190,249)
Other	1,661,744	79,008	70,783	(1,511,953)
Total Instruction	<u>35,344,756</u>	<u>1,515,568</u>	<u>2,619,319</u>	<u>(31,209,869)</u>
Support Services				
Pupil services	2,171,109	-	297,877	(1,873,232)
Instructional support services	3,355,054	-	273,579	(3,081,475)
General administrative services	555,609	-	-	(555,609)
Building administrative services	2,708,605	-	-	(2,708,605)
Business administrative services	12,121,343	557,172	132,136	(11,432,035)
Central services	831,701	-	4,629	(827,072)
Insurance and judgements	474,789	-	-	(474,789)
Other support services	1,769,214	-	15,394	(1,753,820)
Debt service	609,403	-	-	(609,403)
Community service	580,398	315,573	-	(264,825)
Total Support Services	<u>25,177,225</u>	<u>872,745</u>	<u>723,615</u>	<u>(23,580,865)</u>
Total Activities	<u>\$ 60,521,981</u>	<u>\$ 2,388,313</u>	<u>\$ 3,342,934</u>	<u>(54,790,734)</u>
General Revenues				
Taxes				
Property taxes				
General purposes				35,787,772
Debt service				5,174,784
Capital expansion				1,850,000
Community service				600,000
Federal and State aids not restricted to specific functions				19,325,116
Gifts				223,903
Investment income				40,223
Miscellaneous				1,790,460
Total General Revenues				<u>64,792,258</u>
Other Expense				
Loss on disposal of capital assets				9,903
Change in Net Position				<u>10,011,427</u>
Net Position, beginning of year as restated				<u>38,338,164</u>
NET POSITION, end of year				<u>\$ 48,349,591</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022**

	General Fund	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 12,500,307	\$ 153,860	\$ 5,443,920	\$ 18,098,087
Taxes receivable	5,335,727	-	-	5,335,727
Accounts receivable	218,320	-	22,016	240,336
Lease receivable	93,705	-	-	93,705
Due from other governments	814,633	-	26,632	841,265
Prepaid expenses	10,000	-	-	10,000
	Total Assets	\$ 153,860	\$ 5,492,568	\$ 24,619,120
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 1,746,483	\$ -	\$ 217,344	\$ 1,963,827
Accrued salaries and wages	2,719,943	-	1,813	2,721,756
Deferred inflows from leases	61,530	-	89,393	150,923
	Total Liabilities	-	308,550	4,836,506
Fund Balances				
Nonspendable	42,175	-	-	42,175
Restricted	2,135,271	153,860	5,184,018	7,473,149
Unassigned	12,267,290	-	-	12,267,290
	Total Fund Balances	153,860	5,184,018	19,782,614
	Total Liabilities and Fund Balances	\$ 153,860	\$ 5,492,568	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	61,822,151
Right-of-use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	447,390
The District's proportionate share net pension and OPEB assets (liabilities) as well as pension and OPEB related deferred outflows and deferred inflows of resources are recognized in the government-wide statements.	(4,588,146)
Long term liabilities, including bonds and notes payable and related accrued interest and deferred premium, are not due and payable in the current period and therefore are not reported in the funds.	(29,114,418)
Net Position of Governmental Activities	\$ 48,349,591

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF NEW BERLIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Local property taxes	\$ 35,787,772	\$ 5,174,784	\$ 2,450,000	\$ 43,412,556
Other local sources	1,569,905	318	1,871,522	3,441,745
Interdistrict	595,255	-	62,929	658,184
Intermediate	39,598	-	-	39,598
State	17,992,883	-	59,044	18,051,927
Federal	2,450,187	-	2,126,337	4,576,524
Other	342,973	-	-	342,973
Total Revenues	<u>58,778,573</u>	<u>5,175,102</u>	<u>6,569,832</u>	<u>70,523,507</u>
Expenditures				
Instruction				
Regular	21,328,977	-	227,590	21,556,567
Physical	1,074,986	-	5,000	1,079,986
Special education	5,906,818	-	-	5,906,818
Vocational	1,058,277	-	233	1,058,510
Other	1,290,381	-	470,602	1,760,983
Total Instruction	<u>30,659,439</u>	<u>-</u>	<u>703,425</u>	<u>31,362,864</u>
Support Services				
Pupil services	2,042,952	-	-	2,042,952
Instructional support services	3,573,739	-	-	3,573,739
General administrative services	535,601	-	53,422	589,023
Building administrative services	2,914,195	-	2,448	2,916,643
Business administrative services	10,142,405	-	2,825,283	12,967,688
Central services	813,237	-	41,412	854,649
Insurance and judgements	474,789	-	-	474,789
Other support services	2,040,105	-	21,239	2,061,344
Debt service				
Principal	373,562	8,720,000	-	9,093,562
Interest and fees	10,889	989,784	-	1,000,673
Community services	-	-	630,938	630,938
Total Support Services	<u>22,921,474</u>	<u>9,709,784</u>	<u>3,574,742</u>	<u>36,206,000</u>
Non-Program				
General tuition payments	4,228,556	-	-	4,228,556
Other non-program services	25,173	-	77,916	103,089
Total Non-Program	<u>4,253,729</u>	<u>-</u>	<u>77,916</u>	<u>4,331,645</u>
Total Expenditures	<u>57,834,642</u>	<u>9,709,784</u>	<u>4,356,083</u>	<u>71,900,509</u>
Excess (deficiency) of revenue over expenditures	943,931	(4,534,682)	2,213,749	(1,377,002)
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	15,000	-	-	15,000
Transfers (to) from other funds	(4,000,000)	4,000,000	-	-
Net Change in Fund Balances	(3,041,069)	(534,682)	2,213,749	(1,362,002)
Fund Balances, beginning of year as restated	17,485,805	688,542	2,970,269	21,144,616
FUND BALANCES, end of year	<u>\$ 14,444,736</u>	<u>\$ 153,860</u>	<u>\$ 5,184,018</u>	<u>\$ 19,782,614</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF NEW BERLIN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (1,362,002)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay reported in governmental fund statements	\$ 2,082,018	
Depreciation expense reported in the Statement of Activities	(2,785,125)	
Proceeds from disposal of fixed assets	(15,000)	
Gain (loss) on disposal of fixed assets	<u>9,903</u>	(708,204)

Governmental funds report right-of-use leased asset outlays as expenditures. However, in the Statement of Activities, the cost of those assets is amortized on a straight-line basis over the terms of related lease liabilities.

Amortization expense reported in the Statement of Activities		(374,577)
--	--	-----------

Net difference between OPEB and pension system contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances and the statement of activities. 2,979,196

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds exceeded payments. 9,093,126

Premiums in association with debt financing are deferred and amortized in the government-wide statements but recognized as revenue in the fund statements when received. 322,463

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 61,425

Change in Net Position \$ 10,011,427

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the School District of New Berlin conform to generally accepted accounting principles as applicable to governmental units.

A. REPORTING ENTITY

The School District of New Berlin is organized as a common school District. The District, governed by a seven-member elected school board, operates grades pre-kindergarten through 12 and is comprised of one taxing district. This report includes all of the funds of the School District of New Berlin. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

B. BASIS OF PRESENTATION

District-Wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. The District does not report any business-type activities.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

Internally dedicated resources are reported as general revenues rather than as program revenues.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

B. BASIS OF PRESENTATION (continued)

Fund Financial Statements

Fund Financial Statements of the reporting entity are organized into 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/deferred outflows of resources, liabilities/deferred inflows of resources, net position/fund equity, revenues, and expenditures/expenses.

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Governmental Funds

Governmental funds are identified as either general or special revenue funds based upon the following guidelines:

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

B. BASIS OF PRESENTATION (continued)

Custodial Funds (not included in District-Wide statements)

Agency Funds

Custodial Funds are used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units.

Major Funds

The District reports the following major governmental funds:

General Fund
Debt Service Fund

Nonmajor Funds

The District reports the following nonmajor funds:

Gift Fund
Capital Expansion
Food Service Fund
Community Service Fund
Package Cooperative Program Fund

C. BASIS OF ACCOUNTING

The District-wide Statement of Net Position and Statement of Activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The modified accrual basis of accounting is followed by the governmental funds and custodian funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenues are recognized as revenues in the fiscal year levied as the District considers the property taxes as due prior to June 30. The District considers the taxes as due on January 1 the date from which interest and penalties accrue for non-payment of a scheduled installment. Full receipt of the entire levy is assured within sixty days of the District's fiscal year end. Receipt of the balance of taxes levied within sixty days meets the requirements for availability in accordance with generally accepted accounting principles applicable to governmental entities.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Property taxes are collected by the City of New Berlin until May 31. Real estate tax collections after that date are made by Waukesha County, which assumes all responsibility for delinquent real estate taxes.

The aggregate amount of property taxes to be levied for school purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing district for collection. Property taxes attach as an enforceable lien as of January 1. Taxes are levied in October on the assessed value as of the prior January 1.

Property tax calendar - 2021 tax roll:

Lien date and levy date	October, 2021
Tax bills mailed	December 2021
Payment in full, or	January 31, 2022
First installment due	January 31, 2022
Second installment due	March 31, 2022
Third installment due	May 31, 2022
Personal property taxes in full	January 31, 2022

State general and categorical aids and other entitlements are recognized as revenues in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and unavailable revenues. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and investment income. Other general revenues are recognized as revenue when received in cash or when measurable and available.

Charges for services provided by other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

For governmental fund financial statements, deferred inflows arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred inflows is removed from the combined balance sheet and revenue is recognized.

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

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

D. MEASUREMENT FOCUS

On the District-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting. The measurement focus of all funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as unearned revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the District-wide and enterprise fund financial statements but are excluded from the governmental funds' financial statements. The related expenditures are recognized in the governmental funds financial statements when the liabilities are liquidated.

E. INVENTORIES

Governmental fund inventories are recorded at cost based on the FIFO (first-in, first-out) method using the consumption method of accounting.

F. LONG-TERM OBLIGATIONS

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations and whether they are reported in the District-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the District-wide statements. The long-term debt consists primarily of capital leases, unfunded prior service cost, and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest are reported as expenditures.

In governmental funds, debt issuance costs or premiums are recognized in the current period. For the District-wide financial statements, the District has elected to prospectively amortize debt issue costs or premiums over the life of the debt issue. At June 30, 2022 the district had \$716,224 of net unamortized bond premiums.

G. LEASE RECEIVABLE

The school's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payments are received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

H. RIGHT-OF-USE LEASED ASSETS

The District has recorded right-of-use leased assets as a result of implementing GASB #87, *Leases*. The right-of-use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right-of-use leased assets are amortized on a straight-line basis over the life of the related lease.

I. CAPITAL ASSETS

District-Wide Statements

In the District-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The minimum capitalization threshold used by the District is \$5,000.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Site Improvements	20 years
Buildings & Building Improvements	50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets are not capitalized, and related depreciation is not reported in the fund financial statements.

J. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (non-current portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position.

K. BUDGETS

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.C.

Operating budgets are adopted each fiscal year for all governmental funds in accordance with section 65.90 of the Wisconsin Statutes. The budgeted amounts presented include amendments, if any, adopted during the year. Transfers between functions and changes to the overall budget must be approved and amended by School Board resolution. Appropriations lapse at year end unless specifically carried over. There were no carryovers to the following year. Budgetary expenditure control is exercised at the function level in the General Fund and at the fund level for all other funds.

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 1 - Summary of Significant Accounting Policies (continued)

L. ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

M. PENSIONS

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.

N. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Teachers and certain administrative, clerical, and support personnel may be entitled to post employment retirement benefits for employees who have provided specified minimum years of service to the District. Under the early retirement options, the District is liable at June 30 for varying amounts of health benefits. (See Notes 6 and 7).

O. COMPENSATED ABSENCES

Vacation

The District's policy allows employees to earn varying amounts of vacation pay each year depending on the total number of years employed. Accrued vacation not used during the fiscal year is recorded as a compensated absence liability.

Sick Pay

The District's policy does not allow accumulated sick pay benefits to vest. Unused accumulated employee sick pay benefits are forfeited upon retirement or termination of employment. Benefits are recorded as expenditure in the year used.

P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition, to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Q. 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 expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the District-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year end.

R. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as operating transfers.

S. 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 right-of-use leased assets, net of accumulated amortization and reduced by the outstanding balances of any bonds, mortgages, notes, lease liabilities, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.
- b. Restricted net position - Consists of net position with constraints placed on 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 - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance and is reported in the following categories:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- c. Committed – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School Board (the district's highest level of decision-making authority).

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

S. EQUITY CLASSIFICATIONS (continued)

- d. Assigned - Amounts that are intended to be used for a particular purpose expressed by the School Board or other authorized committee or individual.
- e. Unassigned – All amounts not included in other spendable classifications.

It is the practice of the District to spend restricted amounts before unrestricted, and committed amounts first followed by assigned then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the fund balance classifications could be used.

Minimum Fund Balance Policy

The District's policy is to strive to maintain a minimum general fund balance of at least 10% of the subsequent year's general fund expenditures.

Note 2 - Cash and Investments

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 per depositor at each financial institution. As of June 30, 2022, all deposits of the District were placed in financial institutions that provide 100% collateral for all amounts held.

Investment of District funds is restricted by state statutes. Available deposits and investments are limited to:

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.
2. Bonds or securities of any county, city, drainage district, technical college district, district, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, or by the University of Wisconsin Hospitals and Clinics Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 2 - Cash and Investments (continued)

At June 30, 2022 the District had the following investments:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 months</u>	<u>6 - 24 Months</u>
Wisconsin Investment Series Cooperative				
Cash Management Series	Amortized Cost	\$ 2,033,592	\$ 2,033,592	\$ -
Investment Series	Amortized Cost	19,713,208	19,713,208	-
		<u>\$ 21,746,800</u>	<u>\$ 21,746,800</u>	<u>\$ -</u>

PMA Financial Network is the administrator for the Wisconsin Investment Series Cooperative (WISC). The investment manager for WISC is PMA Financial Network. The WISC is not registered with the Securities and Exchange Commission but invests its funds in accordance with applicable Wisconsin statutes. The WISC values its invested funds using various fair value measurements as applicable, depending on the type of investment as shown in the table above. Measurement methods include cost, amortized cost and fair value hierarchy - level 2.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments. *Credit risk* for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. For investments, *interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to greater risk.

Note 3 - Lease Receivable

The District leases space for antennas and telecommunication equipment to a cell phone company, with a term of 5 years. The District currently receives \$1,918 per month from the agreement. There are no variable payments associated with the lease. The lessee has the right to extend the lease for four additional five-year terms. The lease receivable relating to the agreement is measured at the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2 percent.

For the year ended June 30, 2022, District recognized rental and interest income of \$19,960 and \$2,098, respectively.

Future rental and interest income are as follows:

<u>Year Ending June 30</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2023	\$ 1,679	\$ 21,338	\$ 23,017
2024	1,249	21,768	23,017
2025	809	22,208	23,017
2026	361	22,656	23,017
2027	19	5,735	5,754
Totals	\$ 4,117	\$ 93,705	\$ 97,822

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 4 - Right-of-Use Leased Assets

The District has thirteen right-of-use leased assets for equipment and vehicles. The related lease liabilities are discussed in the Leases subsection of Note 6. The right-of-use leased assets are amortized on a straight-line basis over the terms of the related leases.

Right-of-use leased asset activity for the year ended June 30, 2022, was as follows:

	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
Right-of-use leased assets subject to amortization				
Equipment	\$ 1,308,413	\$ -	\$ -	\$ 1,308,413
Vehicles	133,943	-	-	133,943
Total Assets Being Amortized	1,442,356	-	-	1,442,356
Less: Accumulated amortization for				
Equipment	594,429	346,174	-	940,603
Vehicles	25,960	28,403	-	54,363
Total Accumulated Amortization	620,389	374,577	-	994,966
Net Right-of-Use Leased Assets	<u>\$ 821,967</u>	<u>\$ (374,577)</u>	<u>\$ -</u>	<u>\$ 447,390</u>

Amortization expense was charged to functions as follows:

Instruction	
Regular	\$ 211,800
Support Services	
Business administration services	162,777
Total Amortization Expense	<u>\$ 374,577</u>

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Balance 7/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2022</u>
Capital assets not being depreciated				
Sites	\$ 903,011	\$ -	\$ -	\$ 903,011
Total Capital Assets Not Being Depreciated	<u>903,011</u>	<u>-</u>	<u>-</u>	<u>903,011</u>
Depreciable capital assets				
Site improvements	3,930,959	99,651	-	4,030,610
Buildings & building improvements	96,375,560	1,546,146	-	97,921,706
Furniture and equipment	4,610,626	436,221	-	5,046,847
Vehicles	<u>379,705</u>	<u>-</u>	<u>31,803</u>	<u>347,902</u>
Total depreciable capital assets	<u>105,296,850</u>	<u>2,082,018</u>	<u>31,803</u>	<u>107,347,065</u>
Less: Accumulated depreciation for				
Site improvements	2,089,157	151,566	-	2,240,723
Buildings & building improvements	38,543,318	2,364,955	-	40,908,273
Furniture and equipment	2,809,258	151,188	-	2,960,446
Vehicles	<u>227,773</u>	<u>117,416</u>	<u>26,706</u>	<u>318,483</u>
Total Accumulated Depreciation	<u>43,669,506</u>	<u>2,785,125</u>	<u>26,706</u>	<u>46,427,925</u>
Total depreciable capital assets, net of accumulated depreciation	<u>61,627,344</u>	<u>(703,107)</u>	<u>5,097</u>	<u>60,919,140</u>
Net capital assets, net of accumulated depreciation	<u>\$ 62,530,355</u>	<u>\$ (703,107)</u>	<u>\$ 5,097</u>	<u>\$ 61,822,151</u>

Depreciation expense was charged to functions as follows:

Instruction	
Regular	\$ 1,650,585
Vocational	8,967
Support Services	
Business Admin	1,100,121
Central Services	<u>25,452</u>
	<u>\$ 2,785,125</u>

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 6 – Long-Term Obligations

A. Long-term liability activity for the year ended June 30, 2022, was as follows:

	<u>Balance 6/30/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2022</u>	<u>Due Within One Year</u>
General obligation debt					
Bonds and notes payable					
Bonds	\$ 36,275,000	\$ -	\$ 8,720,000	\$ 27,555,000	\$ 2,985,000
Refunding premium	1,038,687	-	322,463	716,224	171,893
	<u>37,313,687</u>	<u>-</u>	<u>9,042,463</u>	<u>28,271,224</u>	<u>3,156,893</u>
Other Liabilities:					
Lease liability	811,188	-	373,126	438,062	377,725
Compensated absences	136,627	144,447	136,627	144,447	144,447
	<u>136,627</u>	<u>144,447</u>	<u>136,627</u>	<u>144,447</u>	<u>144,447</u>
Totals	<u>\$ 38,261,502</u>	<u>\$ 144,447</u>	<u>\$ 9,552,216</u>	<u>\$ 28,853,733</u>	<u>\$ 3,679,065</u>

Total long-term interest paid and expended during the year was \$1,001,108 and \$931,866 respectively.

B. All general obligation debt is secured by the full faith and credit of unlimited taxing powers of the District. Bonds payable in the governmental fund will be funded by future property tax levies.

<u>Type</u>	<u>Issue</u>	<u>Maturity</u>	<u>Rate</u>	<u>Original Indebtedness</u>	<u>Balance Outstanding 6/30/2022</u>
General Obligation Debt					
Bonds payable	11/16/2015	3/1/2029	2.0-2.375%	\$ 9,995,000	\$ 3,245,000
Bonds payable	8/10/2017	3/1/2032	2.0-3.0%	4,000,000	2,805,000
Bonds payable	10/16/2018	3/1/2029	3.20-3.65%	12,680,000	12,680,000
Bonds payable	12/2/2020	9/1/2031	2.0-3.0%	12,395,000	8,825,000
Total General Obligation Debt					<u>\$ 27,555,000</u>

C. Debt service requirements to maturity on general obligation debt are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,985,000	\$ 782,059	\$ 3,767,059
2024	2,900,000	717,629	3,617,629
2025	2,905,000	645,884	3,550,884
2026	4,715,000	574,384	5,289,384
2027	4,655,000	437,204	5,092,204
Thereafter	<u>9,395,000</u>	<u>519,237</u>	<u>9,914,237</u>
Totals	<u>\$ 27,555,000</u>	<u>\$ 3,676,397</u>	<u>\$ 31,231,397</u>

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 6 – Long-Term Obligations (continued)

D. The 2021 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$5,736,657,174. The legal debt limit and margin of indebtedness as of June 30, 2022 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$5,736,657,174)	\$ 573,665,717
Deduct: Long-term debt applicable to debt margin	27,555,000
Margin of indebtedness	\$ 546,110,717

E. The District has several agreements for leases. The leases qualify as other than short-term leases under GASB #87, *Leases* and, therefore, have been recorded at the present value of the future minimum lease payments at the date of their inception. There are no variable payment components of the leases. The value of the right-of-use leased assets relating to the lease liability are discussed in Note 4. The terms of the lease agreements are as follows:

Leased Asset	Term		Payment	Frequency	Discount Rate
	Beginning	End			
Postage Machine	1/31/2018	4/30/2023	\$ 1,199	Quarterly	2.0%
Copier	8/15/2018	8/15/2023	\$ 11,358	Monthly	2.0%
Apple I pads	7/10/2020	7/10/2023	\$ 214,310	Annual	1.19%
Ford Van	6/19/2020	6/19/2025	\$ 689	Monthly	2.0%
Ford Van	7/1/2020	6/30/2025	\$ 433	Monthly	2.0%
Ford Van	7/1/2020	6/30/2025	\$ 433	Monthly	2.0%
Ford Van	7/1/2020	7/31/2025	\$ 433	Monthly	2.0%
Ford Van	8/1/2020	7/31/2025	\$ 433	Monthly	2.0%

Note 7 - WRS Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF).

The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 7 - WRS 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 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

Vested participants may retire at 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:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2012	(7.0)	(7.0)
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 7 - WRS 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 \$1,839,014 in contributions from the District.

Contribution rates as of December 31, 2021 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.75%
Protective without Social Security	6.75%	16.35%

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the School District of New Berlin reported a liability (asset) of (\$12,879,895) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability (asset) used to calculate the net pension liability 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 School District of New Berlin's proportion of the net pension liability (asset) was based on the School District of New Berlin's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the School District of New Berlin's proportion was .1598%, which was a decrease of .0054% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School District of New Berlin recognized pension expense (revenue) of (\$1,138,234).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,806,819	\$ 1,500,396
Changes in assumptions	2,402,948	-
Net differences between projected and actual earnings on pension plan investments	-	28,813,397
Changes in proportion and differences between employer contributions and proportionate share of contributions	59,532	88,343
Employer contributions subsequent to the measurement date	1,116,116	-
Total	\$ 24,385,415	\$ 30,402,136

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 7 - WRS Pension Plan (continued)

\$1,116,116 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Net Deferred Outflow (Inflows) of Resources
2022	\$ (626,596)
2023	\$ (3,509,261)
2024	\$ (1,534,092)
2025	\$ (1,462,890)

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

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

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

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 7 - WRS Pension Plan (continued)

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

Asset Allocation Targets and Expected Returns¹			
As of December 31, 2021			
<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %²</u>
Global Equities	52	6.8	4.2
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund ³	115	6.6	4
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations
²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
³The 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 NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 7 - WRS Pension Plan (continued)

Sensitivity of the School District of New Berlin proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the School District of New Berlin's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the School District of New Berlin's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
School District of New Berlin's proportionate share of the net pension liability (asset)	\$9,139,199	\$(12,879,895)	\$(28,729,547)

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>

Note 8 - Supplemental Pension Plan

The District provides a stipend benefit to two Active Administrators hired prior to July 1, 2012 based upon a percentage of their final salary at retirement. As of June 30, 2016, the final administrators eligible for this benefit retired and the District recognized the full liability. The District has no plan assets accumulated for payment of these future benefits.

The District's annual pension cost and total pension obligation for the current year is:

Obligation as of July 1, 2021	\$ 17,252
Benefit payments	<u>(9,985)</u>
Obligation as of June 30, 2022	<u>\$ 7,267</u>

Note 9 - Other Post Employment Benefits

Plan Description. The District operates a single-employer retiree benefit plan that provides post employment medical insurance benefits to eligible employees and their spouses. There are 456 active and 303 retired members in the plan as of June 30, 2020, the most recent actuarial valuation date. Benefits and eligibility are established and amended by the governing body.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2022, the School District of New Berlin reported a liability of \$11,584,869 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2022. Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. The projection of cash flows used to determine the single discount rate assumed that the plan would continue to be funded on a pay-as-you-go basis. Based on these assumptions, the 20-year AA municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. A discount rate of 3.50% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a municipal bond rate of 3.50%).

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 9 - Other Post Employment Benefits (continued)

Funding Policy. The District has no invested plan assets accumulated for payment of future benefits. The employer makes all contributions on a pay-as-you-go basis. The District paid \$1,069,535 in benefits for the year ended June 30, 2022.

For the year ended June 30, 2022, the School District of New Berlin recognized OPEB expense of \$1,077,572. The OPEB expense is made up of certain changes in the Total OPEB Liability and amortization of Deferred Outflows (Inflows). At June 30, 2022, the School District of New Berlin reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,175,772	\$ 7,310
Changes of assumptions or other input	811,718	1,839,364
Total	\$ 1,987,490	\$ 1,846,674

Deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Net Outflows and Inflows
2023	\$ 258,907
2024	\$ 258,907
2025	\$ 258,904
2026	\$ (125,411)
2027	\$ (328,340)
Thereafter	\$ (182,151)

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 9 - Other Post Employment Benefits (continued)

Actuarial assumptions. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following major actuarial assumptions and methods, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2022
Reporting Date:	June 30, 2022
Actuarial Cost Method:	Entry Age Normal (level percent of salary)
Medical Care Trend:	6.50% decreasing by 0.10% per year down to 5.00%, and level thereafter
Discount Rate*:	3.50% (based upon all years of projected payments discounted at a municipal bond rate of 3.5%)
Municipal Bond Rate Source:	Bond Buyer 20-Bond GO Index
Actuarial Assumptions:	Based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17.
Mortality Assumptions:	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)

* Implicit in this rate is an assumed rate of inflation of 2.50%

Single Discount rate. A single discount rate of 3.50% was used to measure the total OPEB liability.

Sensitivity of the School District of New Berlin's OPEB liability to changes in the discount rate. The following presents the School District of New Berlin's OPEB liability calculated using the discount rate of 3.5%, as well as what the School District of New Berlin's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
School District of New Berlin's Total OPEB liability	\$12,591,021	\$11,584,869	\$10,679,678

Sensitivity of the School District of New Berlin's OPEB liability to changes in the healthcare trend rates. The following presents the School District of New Berlin's total OPEB liability calculated using the current trend rates, as well as what the School District of New Berlin's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing To 5.0%)	1% Increase (7.5% decreasing to 6.0%)
School District of New Berlin's Total OPEB liability	\$10,715,406	\$11,584,869	\$12,615,837

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022**

Note 10 - Self-Funded Insurance Program

The District provides self-funded health and dental benefits for its employees. An administrator, USI Insurance Service, is responsible for the approval, processing and payments of claims, after which the District is billed for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30, 2022.

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

As part of the health care coverage of the Plan, the District purchases stop-loss coverage, which pays claims in excess of \$300,000 per individual and/or 125% of the annual estimated claims as provided by USI Insurance Service. For the year ended June 30, 2022, the aggregate claim limit was \$9,443,991. The District has no stop-loss insurance for the Plan's dental or vision care coverage of the Plan.

On June 30, 2022, the District has reported a liability of \$1,530,590, 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 reported to the District by the Plan administrator of \$740,933 and claims which were not yet reported to either the Plan administrator or the District of \$789,657. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2022 and June 30, 2021 are as follows:

	<u>Year Ended June 30, 2022</u>	<u>Year Ended June 30, 2021</u>
Estimated Claims Outstanding July 1	\$ 1,802,084	\$ 1,943,481
Current Year Claims and Changes in Estimates	6,756,746	8,096,275
Claim Payments	<u>(7,028,240)</u>	<u>(8,237,672)</u>
Estimated Claims Outstanding June 30	<u>\$ 1,530,590</u>	<u>\$ 1,802,084</u>

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 11 - Governmental Activities Net Position

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2022 includes the following:

Governmental Activities	
Net investment in Capital Assets	
Capital assets, net of accumulated depreciation	\$ 61,822,151
Right-of-use leased assets, net of accumulated amortization	447,390
Less: related long-term debt outstanding	<u>28,709,286</u>
Total Net Investment in Capital Assets	<u>33,560,255</u>
Restricted	
Net WRS restricted net position	6,863,174
Self insurance	2,066,966
Unspent Common School Fund	284
Debt Service	153,860
Gift	1,263,458
Capital Expansion	994,649
Food Service	1,623,365
Community Service	<u>1,302,546</u>
	<u>14,268,302</u>
Unrestricted	<u>521,034</u>
Total Governmental Activities Net Position	<u><u>\$ 48,349,591</u></u>

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 12 - Governmental Fund Balances

Governmental fund balances reported on the fund financial statements at June 30, 2022 include the following:

Nonspendable	
General Fund-prepaid expenses	\$ 10,000
General Fund-lease receivable, net of deferred inflows	32,175
Total Nonspendable Fund Balance	<u>42,175</u>
 Restricted	
Self Insurance	2,066,966
Unspent Get Kids Ahead Funds	68,021
Unspent Common School Fund	284
Debt Service	153,860
Gift	1,263,458
Project Expansion	994,649
Food Service	1,623,365
Community Service	1,302,546
Total Restricted Fund Balance	<u>7,473,149</u>
Unassigned	<u>12,267,290</u>
Total Governmental Fund Balances	<u><u>\$ 19,782,614</u></u>

Note 13 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

Right-of-use leased assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Right-of-use leased assets, net of accumulated amortization	<u><u>\$ 447,390</u></u>
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Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Capital assets, net of accumulated depreciation	<u><u>\$ 61,822,151</u></u>
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SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 13 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position (continued)

The District's proportionate share of pension and OPEB liabilities (assets) and related deferred outflows and deferred inflows of resources that are recognized in the government-wide statements include:

Net WRS pension asset	\$ 12,879,895
Total supplemental pension liability	(7,267)
Total OPEB liability	(11,584,869)
Deferred outflows of resources from WRS pension	24,385,415
Deferred outflows of resources from OPEB	1,987,490
Deferred inflows of resources from WRS pension	(30,402,136)
Deferred inflows of resources from OPEB	<u>(1,846,674)</u>
Combined Adjustment	<u><u>\$ (4,588,146)</u></u>

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

General obligation bonds and notes payable	\$ (27,555,000)
Lease Liability	(438,062)
Net deferred debt premium	(716,224)
Accrued compensated absences	(144,447)
Accrued interest on long-term obligations	<u>(260,685)</u>
Combined Adjustment	<u><u>\$ (29,114,418)</u></u>

Note 14 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording depreciation expense on those items as recorded in the Statement of Activities. This adjustment is a combination of the following items:

Capital expenditures	\$ 2,082,018
Depreciation expense	(2,785,125)
Proceeds from disposal of fixed assets	(15,000)
Loss on disposal of fixed assets	<u>9,903</u>
Combined Adjustment	<u><u>\$ (708,204)</u></u>

Right-of-use leased asset related difference includes the difference between recording an expenditure in the amount equal to the initial measurement of the related lease liability in the governmental fund statements, and capitalization and recording amortization expense on those items as recorded in the statement of activities. This adjustment is a combination of the following items:

Amortization expense	<u><u>\$ (374,577)</u></u>
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SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (continued)

Differences between pension system contributions recognized occur because pension expense in the statement of activities is adjusted to account for the net pension asset(liability), deferred outflows and deferred inflows. The adjustment is a combination of the following items:

Employer WRS Contributions	\$	1,839,014
WRS pension expense		1,138,234
Supplemental pension benefits paid		9,985
OPEB benefits paid		1,069,535
OPEB expense		<u>(1,077,572)</u>
Combined Adjustment		<u><u>\$ 2,979,196</u></u>

Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenues and principal payments are recorded as expenditures in the governmental fund statements. In the Statement of Activities, long-term debt proceeds are recorded as a liability and principal payments are recorded as a reduction of liabilities. This adjustment is as follows:

Principal payments on long-term debt	\$	<u>9,093,126</u>
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Premiums in association with debt refinancing are deferred and amortized in the government-wide statements but recognized as revenue in the fund statements. The adjustment is as follows:

Amortization of debt premium	\$	<u>322,463</u>
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported when the liability is incurred. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment is a combination of the following items:

Accrued compensated absences	\$	(7,820)
Accrued interest		<u>69,245</u>
Combined Adjustment		<u><u>\$ 61,425</u></u>

Note 15 - 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; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 16 - Commitments and Contingencies

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

The District has 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. Management believes such disallowances, if any, would be immaterial.

Note 17 - Limitation of School District Revenues

Wisconsin Statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature.

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 18 – Interfund Receivables/Payables and Transfers

There were no interfund receivables and payables on June 30, 2022. The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount
Debt Service Fund	General Fund	\$ 4,000,000
Total - Fund Financial Statements		4,000,000
Less: Eliminations		(4,000,000)
Total Transfers - Government-Wide Statement of Activities		\$ -

Generally, transfers are used to use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and Wisconsin Department of Public Instruction directives. For the statement of activities, interfund transfers within the governmental activities are netted and eliminated.

Note 19 – Subsequent Event

Management has evaluated subsequent events for possible recognition or disclosure through December 16, 2022 date the financial statements were available to be distributed.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 20 - Prior Period Adjustment, Change in Accounting Principle, and Change in Estimate

The District implemented GASB #87, *Leases*, as of July 1, 2021. As a result, beginning of year net position and fund balance has been restated as follows:

Fund balance as previously reported on July 1, 2021	\$ 21,106,681
Prior period adjustments	
Beginning lease receivable adjustment	113,665
Beginning deferred inflows of resources adjustment	(75,730)
Total adjustments	37,935
 Fund balance, as restated	 \$ 21,144,616
 Net position as previously reported on July 1, 2021	 \$ 37,868,360
Prior period adjustment	
Adjustment for lease receivable - to implement GASB #87	
Beginning lease receivable adjustment-general fund	113,665
Beginning deferred inflows of resources adjustment - general fund	(75,730)
Adjustment for lease liability - to implement GASB #87	
Beginning right-of-use leased assets	1,442,356
Beginning amortization of right-of-use leased assets	(620,389)
Beginning lease liability	(390,098)
Total adjustment	469,804
 Net position, as restated	 \$ 38,338,164

Note 21 – Recently Issued Accounting Standards

The Governmental Accounting Standards Board (GASB) recently approved the following statements which were not implemented for these financial statements:

The GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 21 – Recently Issued Accounting Standards (continued)

The GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The GASB issued Statement No. 100, Accounting Changes and Error Corrections – An Amendment of GASB statement No. 62. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting —understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The GASB issued Statement No. 101, Compensated Absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 21 – Recently Issued Accounting Standards (continued)

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The effect these standards may have on future financial statements is not determinable at this time.

REQUIRED SUPPLEMENTARY INFORMATION

SCHOOL DISTRICT OF NEW BERLIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		with Final Budget
Revenues				
Local property taxes	\$ 37,094,431	\$ 37,092,492	\$ 35,787,772	\$ (1,304,720)
Other local sources	-	-	1,569,905	1,569,905
Interdistrict	676,449	676,449	595,255	(81,194)
Intermediate	27,721	27,721	39,598	11,877
State	15,815,188	15,825,926	15,895,591	69,665
Federal	1,217,009	1,235,827	1,267,385	31,558
Other	190,800	190,800	342,973	152,173
Total Revenues	<u>55,021,598</u>	<u>55,049,215</u>	<u>55,498,479</u>	<u>449,264</u>
Expenditures				
Instruction				
Regular	20,912,864	20,885,017	21,328,977	(443,960)
Physical	1,049,434	1,049,434	1,074,986	(25,552)
Vocational	1,024,935	1,024,935	1,058,277	(33,342)
Other	1,219,171	1,211,731	1,290,381	(78,650)
Total Instruction	<u>24,206,404</u>	<u>24,171,117</u>	<u>24,752,621</u>	<u>(581,504)</u>
Support Services				
Pupil services	1,014,650	1,178,926	1,150,043	28,883
Instructional support services	3,456,581	3,473,273	3,195,957	277,316
General administrative services	671,316	671,316	520,065	151,251
Building administrative services	3,022,228	2,943,618	2,914,195	29,423
Business administrative services	10,551,844	10,510,414	9,723,457	786,957
Central services	954,722	947,427	809,505	137,922
Insurance and judgements	480,000	480,000	474,789	5,211
Other support services	3,134,877	3,143,696	2,040,105	1,103,591
Debt service	214,311	214,311	376,182	(161,871)
Total Support Services	<u>23,500,529</u>	<u>23,562,981</u>	<u>21,204,298</u>	<u>2,358,683</u>
Non-Program				
General tuition payments	3,622,377	3,618,116	3,615,529	2,587
Other non-program services	360,000	360,000	25,073	334,927
Total Non-Program	<u>3,982,377</u>	<u>3,978,116</u>	<u>3,640,602</u>	<u>337,514</u>
Total Expenditures	<u>51,689,310</u>	<u>51,712,214</u>	<u>49,597,521</u>	<u>2,114,693</u>
Excess of revenues over expenditures	3,332,288	3,337,001	5,900,958	2,563,957
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	-	-	15,000	15,000
Transfers indirect costs	48,800	37,604	-	(37,604)
Transfers to other funds	(5,445,112)	(9,445,112)	(8,957,027)	488,085
Net Change in Fund Balances	(2,064,024)	(6,070,507)	(3,041,069)	3,029,438
Fund Balances, beginning of year	<u>17,485,805</u>	<u>17,485,805</u>	<u>17,485,805</u>	<u>-</u>
FUND BALANCES, end of year	<u>\$ 15,421,781</u>	<u>\$ 11,415,298</u>	<u>\$ 14,444,736</u>	<u>\$ 3,029,438</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF NEW BERLIN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2022

	Budget		Actual	Variance
	Original	Final		with Final Budget
Revenues				
State	\$ 1,981,148	\$ 2,038,176	\$ 2,097,292	\$ 59,116
Federal	1,295,331	1,292,558	1,182,802	(109,756)
Total Revenues	<u>3,276,479</u>	<u>3,330,734</u>	<u>3,280,094</u>	<u>(50,640)</u>
Expenditures				
Instruction				
Special education	6,029,975	6,052,353	5,906,818	145,535
Total Instruction	<u>6,029,975</u>	<u>6,052,353</u>	<u>5,906,818</u>	<u>145,535</u>
Support Services				
Pupil services	945,805	935,309	892,909	42,400
Instructional support services	443,619	452,890	377,782	75,108
General administrative services	43,000	42,405	15,536	26,869
Business administrative services	490,636	480,060	418,948	61,112
Central services	5,058	4,216	3,732	484
Debt service	-	-	8,269	(8,269)
Total Support Services	<u>1,928,118</u>	<u>1,914,880</u>	<u>1,717,176</u>	<u>197,704</u>
Non-Program				
General tuition payments	713,559	771,009	613,027	157,982
Other non-program services	-	-	100	(100)
Total Non-Program	<u>713,559</u>	<u>771,009</u>	<u>613,127</u>	<u>157,882</u>
Total Expenditures	<u>8,671,652</u>	<u>8,738,242</u>	<u>8,237,121</u>	<u>501,121</u>
Deficiency of revenues over expenditures	(5,395,173)	(5,407,508)	(4,957,027)	450,481
Other Financing Uses				
Transfers indirect costs	(49,939)	(37,604)	-	37,604
Transfers from other funds	5,445,112	5,445,112	4,957,027	(488,085)
Net Change in Fund Balances	-	-	-	-
Fund Balances, beginning of year	-	-	-	-
FUND BALANCES, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System
Last 10 Fiscal Years* (built prospectively)**

	2022	2021	2020	2019	2018	2017	2016	2015
School District of New Berlin's proportion of the net pension liability (asset)	0.1598%	0.1652%	0.1730%	0.1772%	0.1780%	0.1740%	0.1740%	0.1360%
School District of New Berlin's proportionate share of the net pension liability (asset)	(\$12,879,895)	(\$10,314,436)	(\$5,579,180)	\$6,305,325	(\$5,275,567)	\$1,442,886	\$2,829,254	(\$4,339,880)
School District of New Berlin's covered-employee payroll	\$ 27,187,633	\$26,298,177	\$26,311,994	\$26,776,102	\$26,484,703	\$25,536,566	\$24,960,530	\$24,193,417
School District of New Berlin's net pension liability (asset) as a percentage of the employer's covered-employee payroll	(47.37%)	(39.22%)	(21.20%)	23.55%	(19.92%)	5.65%	11.33%	(17.94%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	106.02%	105.26%	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

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

See Note 5 and Notes to Required Supplementary Information

**SCHOOL DISTRICT OF NEW BERLIN
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Contributions
Wisconsin Retirement System
Last 10 Fiscal Years* (built prospectively)**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 1,839,014	\$ 1,775,368	\$ 1,723,435	\$ 1,797,494	\$ 1,823,107	\$ 1,685,622	\$ 1,697,315	\$ 1,693,539
Contributions in relation to the contractually required contributions	\$ 1,839,014	\$ 1,775,368	\$ 1,723,435	\$ 1,797,494	\$ 1,823,107	\$ 1,685,622	\$ 1,697,315	\$ 1,693,539
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District of New Berlin's covered-employee payroll	\$ 27,187,633	\$26,298,177	\$26,311,994	\$26,776,102	\$26,484,703	\$25,536,566	\$24,960,530	\$24,193,417
Contributions as a percentage of covered-employee payroll	6.76%	6.75%	6.55%	6.71%	6.88%	6.60%	6.80%	7.00%

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

See Note 5 and Notes to Required Supplementary Information

**SCHOOL DISTRICT OF NEW BERLIN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL PENSION LIABILITY AND RELATED RATIOS
SUPPLEMENTAL PENSION PLAN
Last 10 Fiscal Years (built prospectively)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Pension Liability, beginning of year	\$ 17,252	\$ 52,495	\$ 87,738	\$ 122,981	\$ 158,224	\$ 193,467	\$ 21,032
Changes for the year:							
Service Cost	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	-	-	-	-	-
Changes of assumptions or other input	-	-	-	-	-	-	176,216
Benefit payments	<u>(9,985)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>(3,781)</u>
Net Changes	<u>(9,985)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>(35,243)</u>	<u>172,435</u>
Total Pension Liability, end of year	<u>\$ 7,267</u>	<u>\$ 17,252</u>	<u>\$ 52,495</u>	<u>\$ 87,738</u>	<u>\$ 122,981</u>	<u>\$ 158,224</u>	<u>\$ 193,467</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Pension liability (asset) as a percentage of the covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See Note 6 and Notes to Required Supplementary Information

**SCHOOL DISTRICT OF NEW BERLIN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POST EMPLOYMENT BENEFITS PLAN
Last 10 Fiscal Years (built prospectively)**

<u>Total OPEB Liability</u>					
Total OPEB liability - beginning	<u>\$ 13,110,790</u>	<u>\$ 14,337,007</u>	<u>\$ 12,987,304</u>	<u>\$ 10,420,673</u>	<u>\$ 10,453,685</u>
Changes for the year:					
Service Cost	529,745	533,275	417,321	404,542	404,542
Interest	288,920	316,737	445,520	380,324	377,144
Benefit Payments	(1,069,535)	(1,052,887)	(933,643)	(961,968)	(814,698)
Changes in Benefit Terms	-	-	-	53,496	-
Differences between expected and actual experience	-	(10,234)	-	2,743,468	-
Changes of assumptions or other input	(1,275,051)	(1,013,108)	1,420,505	(53,231)	-
Net Changes	<u>(1,525,921)</u>	<u>(1,226,217)</u>	<u>1,349,703</u>	<u>2,566,631</u>	<u>(33,012)</u>
Total OPEB liability - ending	<u>\$ 11,584,869</u>	<u>\$ 13,110,790</u>	<u>\$ 14,337,007</u>	<u>\$ 12,987,304</u>	<u>\$ 10,420,673</u>
Covered-employee payroll	\$ 25,833,784	\$ 25,833,784	\$ 25,516,080	\$ 25,516,080	\$ 25,237,724
Total OPEB liability as a percentage of the covered-employee payroll	44.84%	50.75%	56.19%	50.90%	41.29%

See Note 7 and Notes to Required Supplementary Information

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

Note 1 – Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting as described in Note 1.C. Reported budget amounts are as amended by School Board resolution. Budgets are adopted at the function level in the general fund and at the fund level for all other funds. Appropriations lapse at year end unless specifically carried over.

Excess Expenditures Over Appropriations

The following general fund functions had an excess of actual expenditures over appropriations for the year ended June 30, 2022:

Fund - Function	Excess Expenditures
General Fund	
Regular instruction	\$ 443,960
Physical instruction	\$ 25,552
Vocational instruction	\$ 33,342
Other instruction	\$ 78,650
Debt service	\$ 161,871
 Special Education Fund	
Debt service	\$ 8,269
Other non-program services	\$ 100

Note 2 – Supplemental Pension Data

The supplemental pension was not included in the actuarial study due to the circumstances described in Note 6 of the financial statements. The Schedule of changes in total pension liability – supplemental pension is included to disclose the changes in the total pension liability in the format that is consistent with new pension standards.

Note 3 – Other Post Employment Benefit Plan

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

Changes of assumptions.

The discount rate was updated based on the Bond Buyer 20-Bond GO Index as of the week of the measurement date (3.50%) in compliance with GASB #75. All other assumptions and methods remained unchanged from the actuarial valuation performed as of June 30, 2020.

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

Note 4 – Wisconsin Retirement System (WRS) Pension Data

The data presented in the Schedule of Proportionate Share of Net Pension Liability (Asset) and the Schedule of Contributions is derived from data provided by the Wisconsin Department of Employee Trust Funds.

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 Table to the Wisconsin 2018 Mortality Table

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

Note 4 - Wisconsin Retirement System (WRS) Pension Data (continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined contributions:

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Valuation Date:	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return	5.4%	5.4%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015- 2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015- 2017.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012- 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012- 2014.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012- 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP- 2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP- 2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP- 2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP- 2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP- 2015 fully generational improvement scale (multiplied by 50%).

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

**SCHOOL DISTRICT OF NEW BERLIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

Note 4 - Wisconsin Retirement System (WRS) Pension Data (continued)

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined contributions (continued):

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Valuation Date:	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions				
Net Investment Rate of Return	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:				
Pre-retirement:	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%
Salary Increases				
Wage Inflation:	3.2%	3.2%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	2.1%	2.1%	2.1%
Retirement Age:	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011.	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006-2008.
Mortality:	Wisconsin 2012 Mortality Table. The rate based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rate based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin 2012 Mortality Table. The rate based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality.	Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men.

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

SUPPLEMENTAL FINANCIAL INFORMATION

**SCHOOL DISTRICT OF NEW BERLIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022**

	<u>Gift Fund</u>	<u>Capital Expansion</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Package Cooperative Program Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS						
Cash and investments	\$ 1,307,235	\$ 1,133,537	\$ 1,730,654	\$ 1,299,126	\$ (26,632)	\$ 5,443,920
Accounts receivable	-	-	448	21,568	-	22,016
Due from other governments	-	-	-	-	26,632	26,632
Total Assets	<u>\$ 1,307,235</u>	<u>\$ 1,133,537</u>	<u>\$ 1,731,102</u>	<u>\$ 1,320,694</u>	<u>\$ -</u>	<u>\$ 5,492,568</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 42,358	\$ 138,888	\$ 18,162	\$ 17,936	\$ -	\$ 217,344
Accrued salaries and wages	1,419	-	182	212	-	1,813
Unearned revenue	-	-	89,393	-	-	89,393
Total Liabilities	<u>43,777</u>	<u>138,888</u>	<u>107,737</u>	<u>18,148</u>	<u>-</u>	<u>308,550</u>
Fund Balances						
Restricted	<u>1,263,458</u>	<u>994,649</u>	<u>1,623,365</u>	<u>1,302,546</u>	<u>-</u>	<u>5,184,018</u>
Total Fund Balances	<u>1,263,458</u>	<u>994,649</u>	<u>1,623,365</u>	<u>1,302,546</u>	<u>-</u>	<u>5,184,018</u>
Total Liabilities and Fund Balances	<u>\$ 1,307,235</u>	<u>\$ 1,133,537</u>	<u>\$ 1,731,102</u>	<u>\$ 1,320,694</u>	<u>\$ -</u>	<u>\$ 5,492,568</u>

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF NEW BERLIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	<u>Gift Fund</u>	<u>Capital Expansion</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Package Cooperative Program Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES						
Local property taxes	\$ -	\$ 1,850,000	\$ -	\$ 600,000	\$ -	\$ 2,450,000
Other local sources	1,002,760	2,015	551,172	315,575	-	1,871,522
Interdistrict	-	-	-	-	62,929	62,929
State	-	-	59,044	-	-	59,044
Federal	-	-	2,126,337	-	-	2,126,337
Total Revenues	<u>1,002,760</u>	<u>1,852,015</u>	<u>2,736,553</u>	<u>915,575</u>	<u>62,929</u>	<u>6,569,832</u>
EXPENDITURES						
Instruction						
Regular	222,988	-	-	-	4,602	227,590
Physical	5,000	-	-	-	-	5,000
Vocational	233	-	-	-	-	233
Other	470,602	-	-	-	-	470,602
Total Instruction	<u>698,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,602</u>	<u>703,425</u>
Support Services						
General administrative services	40,141	-	-	13,281	-	53,422
Building administrative services	2,448	-	-	-	-	2,448
Business administrative services	151,522	857,366	1,800,730	15,665	-	2,825,283
Central services	-	-	2,881	38,531	-	41,412
Other support services	-	-	21,239	-	-	21,239
Community services	-	-	-	630,938	-	630,938
Total Support Services	<u>194,111</u>	<u>857,366</u>	<u>1,824,850</u>	<u>698,415</u>	<u>-</u>	<u>3,574,742</u>
Non-Program						
Other non-program services	19,589	-	-	-	58,327	77,916
Total Non-Program	<u>19,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,327</u>	<u>77,916</u>
Total Expenditures	<u>912,523</u>	<u>857,366</u>	<u>1,824,850</u>	<u>698,415</u>	<u>62,929</u>	<u>4,356,083</u>
Excess of revenues over expenditures	<u>90,237</u>	<u>994,649</u>	<u>911,703</u>	<u>217,160</u>	<u>-</u>	<u>2,213,749</u>
Net Change in Fund Balances	<u>90,237</u>	<u>994,649</u>	<u>911,703</u>	<u>217,160</u>	<u>-</u>	<u>2,213,749</u>
Fund Balances, beginning of year as restated	1,173,221	-	711,662	1,085,386	-	2,970,269
FUND BALANCES, end of year	<u>\$ 1,263,458</u>	<u>\$ 994,649</u>	<u>\$ 1,623,365</u>	<u>\$ 1,302,546</u>	<u>\$ -</u>	<u>\$ 5,184,018</u>

See accompanying notes to the financial statements.

**SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
AND OTHER AUDITOR'S REPORTS**

SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Awarding Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Program or Award Amount	Accrued Receivable 7/1/2021	Expenditures Grantor	Revenues Grantor Reimbursements	Accrued Receivable 6/30/2022
U.S. DEPARTMENT OF EDUCATION							
State of Wisconsin							
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Title I Programs							
<u>IASA Title I - Public</u>							
July 1, 2020 to June 30, 2021	84.010	2022-673925-DPI-TIA-141	\$ 110,689	\$ 23,872	\$ -	\$ 23,872	\$ -
July 1, 2021 to June 30, 2022			\$ 117,151	-	117,151	106,234	10,917
<u>IASA Title I- Private</u>							
July 1, 2020 to June 30, 2021	84.010	2022-673925-DPI-TIA-141	\$ 15,373	4,372	-	4,372	-
July 1, 2021 to June 30, 2022			\$ 15,661	-	12,292	9,870	2,422
Total Title I programs				28,244	129,443	144,348	13,339
Career Education Programs							
<u>Carl Perkins Grant</u>							
July 1, 2020 - June 30, 2021	84.048	2022-673925-DPI-CTE-400	\$ 12,289	3,550	-	3,550	-
July 1, 2021 - June 30, 2022			\$ 13,363	-	13,363	13,363	-
<u>WCTC Youth Apprentice</u>							
July 1, 2021 - June 30, 2022	84.048	2022-673925-DPI-CTE-400	\$ 24,281	-	24,281	-	24,281
<u>WCTC Career Prep Tech Support</u>							
July 1, 2021 - June 30, 2022	84.048	2022-673925-DPI-CTE-400	\$ 1,373	-	1,373	1,373	-
Total Career Education Programs				3,550	39,017	18,286	24,281
Special Education Cluster							
<u>IDEA Flow Through</u>							
July 1, 2020 - June 30, 2021	84.027	2022-673925-DPI-FLOW-341	\$ 907,844	235,282	-	235,282	-
July 1, 2021 - June 30, 2022			\$ 831,918	-	831,918	677,239	154,679
<u>ARPA IDEA Flow Through</u>							
July 1, 2021 to June 30, 2022	84.027	2022-673925-DPI-FLOW-341	\$ 218,423	-	188,560	188,560	-
<u>IDEA CEIS</u>							
July 1, 2020 - June 30, 2021	84.027	2022-673925-DPI-FLOW-341	\$ 159,134	10,694	-	10,694	-
July 1, 2021 - June 30, 2022			\$ 140,088	-	140,088	123,859	16,229
<u>ARPA IDEA CEIS</u>							
July 1, 2021 to June 30, 2022	84.027	2022-673925-DPI-FLOW-341	\$ 29,863	-	29,863	29,863	-
<u>IDEA - Title 1 Schoolwide</u>							
July 1, 2021 to June 30, 2022	84.027	2022-673925-DPI-FLOW-341	\$ 26,075	-	15,952	-	15,952
<u>IDEA Preschool</u>							
July 1, 2020 - June 30, 2021	84.173	2022-673925-DPI-PRESCH-347	\$ 34,416	5,409	-	5,409	-
July 1, 2021 - June 30, 2022			\$ 20,860	-	20,860	9,270	11,590
<u>ARPA IDEA Preschool</u>							
July 1, 2021 to June 30, 2022	84.173	2022-673925-DPI-PRESCH-347	\$ 24,763	-	24,763	13,890	10,873
Total Special Education Cluster				251,385	1,252,004	1,294,066	209,323
<u>Quality Teachers & Principles Title II-Public</u>							
July 1, 2020 to June 30, 2021	84.367	2022-673925-DPI-TIIA-365	\$ 49,510	9,355	-	9,355	-
July 1, 2021 to June 30, 2022			\$ 74,541	-	54,885	47,726	7,159
<u>Quality Teachers & Principles Title II-Private</u>							
July 1, 2020 to June 30, 2021	84.367	2022-673925-DPI-TIIA-365	\$ 11,978	785	-	785	-
July 1, 2021 to June 30, 2022			\$ 12,143	-	11,801	6,331	5,470
Total Title II-A Programs				10,140	66,686	64,197	12,629
<u>Title IV-Public</u>							
July 1, 2020 to June 30, 2021	84.424	2022-673925-DPI-TIVA-381	\$ 8,444	-	-	-	-
July 1, 2021 to June 30, 2022			\$ 7,847	-	925	-	925
<u>Title IV-Private</u>							
July 1, 2020 to June 30, 2021	84.424	2022-673925-DPI-TIVA-381	\$ 2,206	683	-	683	-
July 1, 2021 to June 30, 2022			\$ 2,931	-	2,885	-	2,885
Total Title IV-A Programs				683	3,810	683	3,810
Total U.S. Department of Education				294,002	1,490,960	1,521,580	263,382

See accompanying notes to schedules of expenditures of federal and state awards.

SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021
(Continued)

Awarding Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Program of Award Amount	Accrued Receivable 7/1/2021	Expenditures Grantor	Revenues Grantor Reimbursements	Accrued Receivable 6/30/2022
U.S. DEPARTMENT OF AGRICULTURE							
State of Wisconsin							
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Child Nutrition Cluster							
<u>National School Lunch Program</u>	10.555	2022-673925-DPI-NSL-547					
July 1, 2020 to June 30, 2021			-	\$ 78,137	\$ -	\$ 78,137	\$ -
July 1, 2021 to June 30, 2022			-	-	1,866,052	1,866,052	-
<u>National School Lunch Program - COVID-19</u>	10.555	2022-673925-DPI-NSL-547					
July 1, 2021 to June 30, 2022			-	-	79,505	79,505	-
<u>Food Service Aid School Breakfast</u>	10.553	2022-673925-DPI-SB-546					
July 1, 2020 to June 30, 2021			-	11,419	-	11,419	-
July 1, 2021 to June 30, 2022			-	-	49,156	49,156	-
<u>Food Distribution</u>	10.555	2022-673925-DPI-NSL-547					
July 1, 2021 to June 30, 2022			-	-	131,624	131,624	-
Total Child Nutrition Cluster				89,556	2,126,337	2,215,893	-
<u>P-EBT Local Level Administrative Cost Grants</u>	10.649	-					
July 1, 2021 to June 30, 2022			-	-	614	614	-
Total U.S. Department of Agriculture				89,556	2,126,951	2,216,507	-
U.S. DEPARTMENT OF HEALTH AND FAMILY SERVICES							
State of Wisconsin							
WISCONSIN DEPARTMENT OF HEALTH SERVICES							
<u>Medicaid Reimbursements</u>	93.778	44210200					
July 1, 2020 to June 30, 2021			-	12,127	-	12,127	-
July 1, 2021 to June 30, 2022			-	-	346,008	340,939	5,069
Total Medicaid Reimbursements and U.S. Department of Health and Family Services				12,127	346,008	353,066	5,069
U.S. Department of Treasury							
State of Wisconsin							
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
<u>Get Kids Ahead Initiative</u>	21.027	-					
July 1, 2021 to June 30, 2022			\$ 68,021	-	-	68,021	(68,021)
Total U.S. Department of Treasury				-	-	68,021	(68,021)
Total Federal Awards				\$ 395,685	\$ 3,963,919	\$ 4,159,174	\$ 200,430

See accompanying notes to schedules of expenditures of federal and state awards.

SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2022

<u>Awarding Agency/Pass-Through Agency/Award Description</u>	<u>State ID Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Accrued Receivable 7/1/2021</u>	<u>Revenue/ Expenditures</u>	<u>Reimbursements</u>	<u>Accrued Receivable 6/30/2022</u>
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
Entitlement Programs						
Major Programs						
General Aids Cluster						
Equalization Aid	255.201	673925-116	\$ 115,386	\$ 10,905,706	\$ 11,021,092	\$ -
Integration Aid - Non-resident	255.204	673925-106	-	15,610	15,610	-
Total General Aids Cluster			115,386	10,921,316	11,036,702	-
Handicapped Pupils and School Age Parents	255.101	673925-100	-	1,958,874	1,958,874	-
Handicapped Pupils and School Aged Parents - CESA	255.101	-	1,301	-	1,301	-
Pupil transportation aid	255.107	673925-102	-	79,211	79,211	-
Per pupil adjustment aid	255.945	673925-113	-	3,238,088	3,238,088	-
Total Major Programs			116,687	16,197,489	16,314,176	-
Nonmajor Programs						
State school lunch aid	255.102	673925-107	-	57,251	57,251	-
Common School Library Fund	255.103	673925-104	-	193,272	193,272	-
High Cost Special Ed State Aid	255.210	673925-119	-	126,941	126,941	-
Aid for School Mental Health Programs	255.227	673925-176	-	22,219	-	22,219
School Based Mental Health Services Grant	255.297	673925-177	57,090	66,132	57,090	66,132
School Breakfast Aid	255.344	673925-108	-	1,793	1,793	-
Early College Credit Program	255.445	673925-178	-	8,127	8,127	-
Educator effectiveness - Teachscape	255.940	673925-154	-	23,600	23,600	-
Career & Technical Incentive Grant	255.950	673925-152	-	59,919	-	59,919
Assessments of Reading Readiness	255.956	673925-166	-	7,398	7,398	-
Robotics League	255.959	673925-167	4,417	3,927	4,417	3,927
Special Education Transition Grant	255.960	673925-168	-	11,477	11,477	-
Total Nonmajor Programs			61,507	582,056	491,366	152,197
Total Wisconsin Department of Public Instruction			178,194	16,779,545	16,805,542	152,197
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT						
Fast Forward Manufacturing	-	-	-	12,833	-	12,833
Total Wisconsin Department of Workforce Development			-	12,833	-	12,833
WISCONSIN DEPARTMENT OF JUSTICE						
Safety Grant	-	-	-	128,131	95,258	32,873
Total Wisconsin Department of Justice			-	128,131	95,258	32,873
Other						
Dual Enrollment Credential Grant	-	-	-	6,299	6,299	-
Total Other			-	6,299	6,299	-
Total			\$ 178,194	\$ 16,926,808	\$ 16,907,099	\$ 197,903

See accompanying notes to schedules of expenditures of federal and state awards.

SCHOOL DISTRICT OF NEW BERLIN
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE AWARDS
June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state awards (the "Schedules") includes the federal and state award activity of the District. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the Wisconsin State Single Audit Guidelines. Because the Schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State and Local Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Wisconsin State Single Audit Guidelines.

The District did not elect to use the 10% de minimis cost rate as covered in Uniform Guidance Section 200.414 *Indirect (F&A) Costs*.

Note 3 - Oversight Agencies

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

Note 4 - Eligible Costs for Special Education

Eligible costs for special education under project 011 were \$7,137,626 for the year ended June 30, 2022.



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

Board of Education
School District of New Berlin
New Berlin, 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 New Berlin (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 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) to determine the 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 over financial reporting.

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 over financial reporting that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as **Finding 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the Schedule of Findings and Questioned Costs as **Finding 2022-002**.

School District of New Berlin's Response to Findings

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

Purpose of this Report

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

SCHUMACHER SAMA, LLP



Wauwatosa, Wisconsin

December 16, 2022



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE
AND THE STATE SINGLE AUDIT GUIDELINES**

Board of Education
School District of New Berlin
New Berlin, Wisconsin

Report on Compliance for Each Major Federal and State Program

Qualified and Unmodified Opinions

We have audited School District of New Berlin's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. We have also audited the compliance of the District with the types of compliance requirements described in the State Single Audit Guidelines issued by the Wisconsin Department of Administration and the Wisconsin Public School District Audit Manual, issued by the Wisconsin Department of Public Instruction that are applicable to each of its 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.

Qualified Opinion on Pupil Transportation Aid

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, School District of New Berlin complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Pupil Transportation Aid for the year ended June 30, 2022.

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

In our opinion, School District of New Berlin complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal and state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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

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

Matter(s) Giving Rise to Qualified Opinion on Pupil Transportation Aid

As described in the accompanying schedule of findings and questioned costs, School District of New Berlin did not comply with requirements regarding 255.107 Pupil Transportation Aid as described in **Finding 2022-003**.

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

Responsibilities of Management for Compliance

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding School District of New Berlin'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 School District of New Berlin'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, but not for the purpose of expressing an opinion on the effectiveness of School District of New Berlin'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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as **Finding 2022-003** to be a material weakness.


A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on School District of New Berlin's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. School District of New Berlin's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

SCHUMACHER SAMA, LLP



Wauwatosa, Wisconsin
December 16, 2022

**SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(s) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(s) identified not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Type of auditor's report issued on compliance for major federal programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs

CFDA NUMBER(S)

Name of Federal Program or Cluster

10.555,10.553
93.778

Child Nutrition Cluster
Medicaid School Based Services

Dollar threshold used to distinguish between Type A & Type B programs \$750,000

Auditee qualified as low-risk auditee? yes no

State Awards

Internal control over major programs		
Material weakness(es) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Significant deficiency(s) identified not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Type of auditor's report issued on compliance for Pupil Transportation Qualified

Type of auditor's report issued on compliance for other major state programs Unmodified

Any audit findings disclosed that are required in accordance with the State Single Audit Guidelines yes no

**SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

Section I: Summary of Auditor's Results (continued)

Identification of major state programs

<u>State Identification Number</u>	<u>Name of State Program or Cluster</u>
255.201	General Equalization Aid – General Aids Cluster
255.204	Integration Aid - General Aids Cluster
255.101	Special Education and School Aged Parents
255.107	Pupil transportation aid
255.945	Per pupil adjustment aid

Section II: Financial Statement Findings

Finding 2022-001:

Criteria - *Government Auditing Standards* considers the inability to comply with guidelines in accordance with accounting principles generally accepted in the United States (GAAP) to be an internal control deficiency.

Condition - The District's internal control over financial reporting extends through completion of the general ledger, but not to preparation of financial statements and notes. As auditors, we were requested to draft the financial statements including adjustments required under GASB 34, and the accompanying notes to the financial statements. The auditors believe, in the auditors' judgment, the District does possess the necessary expertise to prepare the financial statements but has chosen to hire the auditors to perform this service.

Effect - As a result of not having an individual on staff to prepare GAAP basis financial statements, the District has an internal control deficiency.

Cause - Management and those charged with governance have accepted this condition because of cost.

Recommendation - We recommend that management and those charged with governance continue to oversee and accept responsibility of the financial statement preparation services.

Corrective Action Plan - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

**SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

Section II: Financial Statement Findings (continued)

Finding 2022-002 – Budget Amendments

Criteria - State of Wisconsin Statutes require that a subsequent change in the adopted budget must be published or a notice of change must be posted to the district's website.

Condition - The District had a budget amendment in which it did not publish the required notice as defined in state statute 65.90 (5)(a).

Effect – As a result of not publishing the required notice of the budget amendment, the District is not in compliance with state statutes related to budget amendments.

Cause - The budget was amended after the original publication. The District was unaware that this would require a notice of change to be published.

Recommendation - The district should ensure procedures are in place to ensure notices of budget amendments are published when amendments occur.

District Response – The District has put budget amendment protocols in place to eliminate this issue in the future.

Section III- Federal and State Awards Findings and Questioned Cost

Federal

There were no findings related to federal awards.

State

Finding 2022-003 – Pupil Transportation Aid

Criteria - State of Wisconsin Statutes require that districts maintain reliable source documentation to support the number of pupils transported for purposes of claiming transportation aid.

Condition - 2,396 pupils were claimed as being transported during the school year. Supporting documentation for pupils claimed could not be located at the time of the audit.

Questioned Cost - Unknown


Effect -The District could not substantiate the pupils claimed for purposes of receiving transportation aid.

Recommendation -The District should ensure procedures are in place to maintain supporting documentation needed to substantiate the number of pupils transported for state pupil transportation aid claims.

District Response - The District, along with its third party transportation vendor, have developed a process to tie addresses to the count of students that have been transported by District provided transportation to eliminate this issue in the future.

**SCHOOL DISTRICT OF NEW BERLIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

Section III: Other issues

1. Does the auditor's report of the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? _____Yes X No _____N/A
2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:
- | | | | |
|-------------------------------------|----------|-----------------|----------|
| Department of Health Services | _____Yes | <u> X </u> No | _____N/A |
| Department of Workforce Development | _____Yes | <u> X </u> No | _____N/A |
| Department of Corrections | _____Yes | <u> X </u> No | _____N/A |
3. Was a Management letter or other document conveying audit comments issued as a result of this audit? _____X Yes _____No _____N/A
4. Name and signature of partner _____


Michael Sama, CPA
5. Date of report _____
December 16, 2022

**SCHOOL DISTRICT OF NEW BERLIN
CORRECTIVE ACTION PLAN
For the Year Ended June 30, 2022**

Finding 2021-001 Significant Deficiency in Internal Control Finding – Financial Statement Preparation

The District will continue to work with the District's audit firm in the oversight and preparation of the District financial statements. The District will not seek to hire the necessary personnel to produce financial statements internally. The production of these financial statements can be produced in a more efficient and cost-effective manner by outsourcing this process to the District's audit firm.

Finding 2022-002 – Budget Amendments

The District has put budget amendment protocols in place to eliminate this issue in the future.

Finding 2022-003 - Pupil Transportation Aid

The District, along with its third-party transportation vendor, have developed a process to tie addresses to the count of students that have been transported by District provided transportation to eliminate this issue in the future.

Contact Person: Patrick Miller | 262-789-6211

SCHOOL DISTRICT OF NEW BERLIN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

Finding 2021-001:

Criteria - Government Auditing Standards considers the inability to comply with guidelines in accordance with accounting principles generally accepted in the United States (GAAP) to be an internal control deficiency.

Condition - The District's internal control over financial reporting extends through completion of the general ledger, but not to preparation of financial statements and notes. As auditors, we were requested to draft the financial statements including adjustments required under GASB #34, and the accompanying notes to the financial statements. The auditors believe, in the auditors' judgment, the District does possess the necessary expertise to prepare the financial statements but has chosen to hire the auditors to perform this service.

Effect - As a result of not having an individual on staff to prepare GAAP basis financial statements, the District has an internal control deficiency.

Cause - Management and those charged with governance have accepted this condition because of cost.

Recommendation - We recommend that management and those charged with governance continue to oversee and accept responsibility of the financial statement preparation services.

District Response - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

State of Finding: No change