

**SCHOOL DISTRICT OF NEW BERLIN**

**FINANCIAL STATEMENTS**

**June 30, 2023**

**SCHOOL DISTRICT OF NEW BERLIN**

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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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of New Berlin as of June 30, 2023, 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 21 to the financial statements, the District has changed its method of accounting for subscription based information technology for the year ended June 30, 2023 due to the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 13, 2023 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 13, 2023

**MANAGEMENT'S DISCUSSION  
AND  
ANALYSIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For Year Ended June 30, 2023**

The School District of New Berlin is a public-school District operating kindergarten through 12<sup>th</sup> 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 increased \$5.7 million from \$14.4 million to \$20.2 million. The fund balance is 35% of the \$58.2 million Fund 10 expenditures (excluding transfers) for the 2022-2023 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, 2023.
- Capital assets have been reported at \$110.0 million and accumulated depreciation of \$49.2 million for a net capital asset value of \$60.8 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 6 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, 2023 a \$11,457,689 net OPEB liability was reported in the Statement of Net Position. All benefits under the supplemental pension were paid by June 30, 2023.
- 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, 2023, a \$8,375,515 net pension liability is reported in the Statement of Net Position.
- The District follows GASB #87, *Leases*. Under this standard, the district recognizes a lease receivable and deferred inflows of resources for those leases where the District is the lessor and a right-of-use leased asset, accumulated amortization, and lease liability where the District is the lessee.
- The District's overall financial status, as reflected in total net position, increased by \$6,298,687.
- Financial activity resulted in an increase in fund balance in the Food Service Fund (Fund 50) of \$32,171. Revenues and transfers of \$1,983,447 exceeded expenses of \$1,951,276 resulting in an ending fund balance of \$1,655,536.
- Financial activity resulted in a decrease in fund balance in the Community Service Fund (Fund 80) of \$83,189. Expenditures of \$954,155 exceeded revenues of \$870,966. The fund balance in Fund 80 is \$1,219,357.
- Financial activity resulted in an increase in fund balance in the Gift Fund (Fund 21) of \$60,809. Revenues of \$1,063,320 exceeded expenses of \$1,002,511 resulting in an ending fund balance of \$1,324,267 which is restricted per the gift requirements of Fund 21.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For Year Ended June 30, 2023**

- Total revenues for Governmental Funds were \$74.0 million. This amount includes \$44.7 million of local property taxes, \$16.5 million of general federal and state aid, and \$6.4 million of specific federal and state aid. Property taxes represent 60.4% of all revenue.
- The District implemented GASB #96, *Subscription Based Technology Arrangements* as of July 1, 2022. This resulted in the government wide statements recognizing SBITA assets, accumulated amortization, and SBITA liability with a prior period adjustment of \$30,994.

**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 2022-2023 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, 2023**

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

	<b>District-Wide Statements</b>	<b>Governmental Fund Statements</b>	<b>Proprietary Fund Statements</b>	<b>Fiduciary Fund Statements</b>
<b>Scope</b>	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. <b><u>The District does not report any program for this designation.</u></b>	Assets held by the District on behalf of someone else.
<b>Required Financial Statements</b>	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
<b>Basis of Accounting and Measurement Focus</b>	Accrual accounting  Economic resources focus	Modified accrual accounting  Current financial resources focus	Accrual accounting  Economic resources focus	Accrual accounting  Economic resources focus
<b>Type of Asset and Liability Information</b>	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. <b><u>The District's fiduciary funds do not currently contain capital assets.</u></b>
<b>Type of Inflow and Outflow Information</b>	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, 2023**

**Table 2 - Condensed Statement of Net Position**  
*(2022 has not been restated for GASB 96 implementation)*

	<b>2023</b>	<b>2022</b>	<b>% Change</b>
<b><u>Assets</u></b>			
Current Assets	\$ 30,102,330	\$ 24,546,751	22.6
Non-Current Assets	60,974,793	75,221,803	(18.9)
Deferred Outflows of Resources	33,056,251	26,372,905	25.3
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$ 124,133,374</b>	<b>\$ 126,141,459</b>	(1.6)
<b><u>Liabilities</u></b>			
Current Liabilities	\$ 7,103,238	\$ 8,721,991	(18.6)
Long-Term Debt Outstanding	22,107,507	25,174,668	(12.2)
Non-Current Liabilities	19,833,204	11,584,869	71.2
Deferred Inflows of Resources	20,410,153	32,310,340	(36.8)
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>\$ 69,454,102</b>	<b>\$ 77,791,868</b>	(10.7)
<b><u>Net Position</u></b>			
Invested in Capital, Net of Related Debt	\$ 35,729,740	\$ 33,560,255	6.5
Restricted	13,712,979	14,268,302	(3.9)
Unrestricted	5,236,553	521,034	905.0
<b>Total Net Position</b>	<b>\$ 54,679,272</b>	<b>\$ 48,349,591</b>	13.1

As of June 30, 2023, the District reported total assets and deferred outflows of \$124.1 million and total liabilities and deferred inflows of \$69.5 million. Net position amounts to \$54.7 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**  
*(2022 has not been restated for GASB 96 implementation)*

		<b>Actual 2022-2023</b>	<b>%</b>	<b>Actual 2021-2022</b>	<b>%</b>
<b><u>Revenues:</u></b>					
<b>Program</b>	Charges for Services	\$ 3,400,479	4.6	\$ 2,388,313	3.4
	Operating Grants & Cont.	6,385,631	8.6	3,342,934	4.7
<b>General</b>	Property & Other Taxes	44,719,245	60.4	43,412,556	61.6
	General Federal and State Aids	16,493,141	22.3	19,325,116	27.4
	Gifts	239,939	0.3	223,903	0.3
	Other	2,843,195	3.8	1,830,683	2.6
	<b>Total Revenue</b>	<b>\$ 74,081,630</b>	<b>100.0</b>	<b>\$ 70,523,505</b>	<b>100.0</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For Year Ended June 30, 2023**

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

(continued)

(2022 has not been restated for GASB 96 implementation)

	<b>Actual</b>	<b>%</b>	<b>Actual</b>	<b>%</b>
<b><u>Expenses:</u></b>	<b>2022-2023</b>		<b>2021-2022</b>	
Instruction	\$ 38,359,875	56.6	\$ 35,344,756	58.4
Pupil/Instructional Services	6,623,740	9.8	5,526,163	9.1
Business and Administration	19,377,374	28.6	16,692,047	27.6
Other Support	2,161,516	3.2	1,759,311	2.9
Interest on Debt	690,063	1.0	609,403	1.0
Community Service	570,375	0.8	580,398	1.0
	<u>\$ 67,782,943</u>	<u>100.0</u>	<u>\$ 60,512,078</u>	<u>100.0</u>
<b>Total Expense</b>	<u>\$ 67,782,943</u>	<u>100.0</u>	<u>\$ 60,512,078</u>	<u>100.0</u>
<b>Change in Net Position</b>	<u>\$ 6,298,687</u>		<u>\$ 10,011,427</u>	

**Revenues**

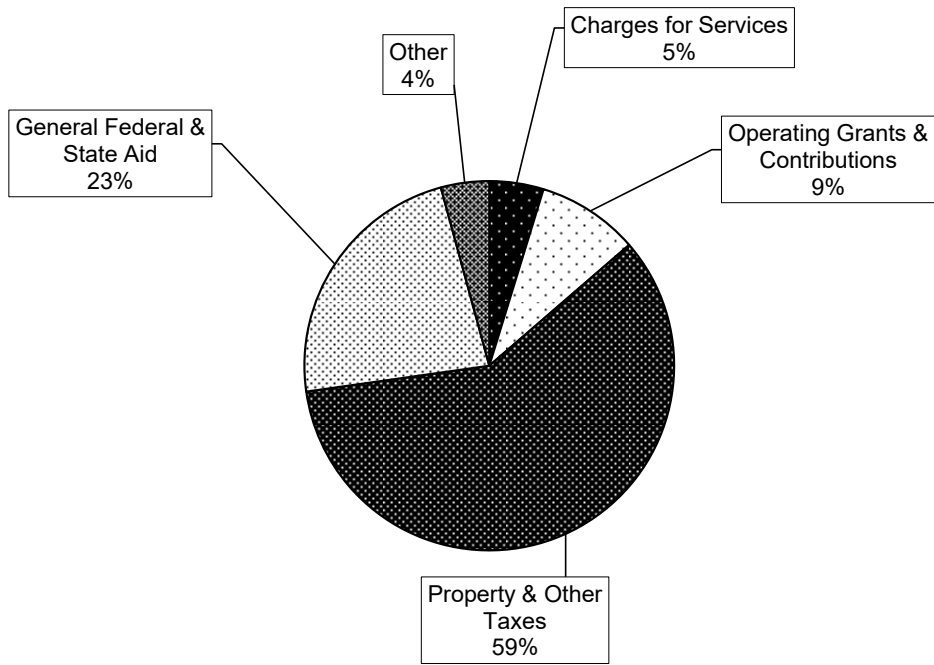
- The District received \$74.1 million in revenue for the 2022-2023 fiscal year. Sixty percent (60%) of the District's total revenue came from local school property tax and prior year charge backs. The District received approximately thirteen percent (13%) in the form of specific use State Grants, Federal Aid, and direct fees for services. Twenty-two percent (22%) of the total came from general federal and State aid and four percent (4%) from other sources. Local school property taxes decreased approximately one percent (1%) and general Federal and State aid decreased approximately five percent (5%) and operating grants increased approximately four percent (4%) as a percentage of total revenue from the previous fiscal year.
- Individuals who directly participated or benefited from a program contributed \$3.4 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 \$6.4 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 \$44.7 million and general Federal and State aid for \$16.5 million.

**Expenses**

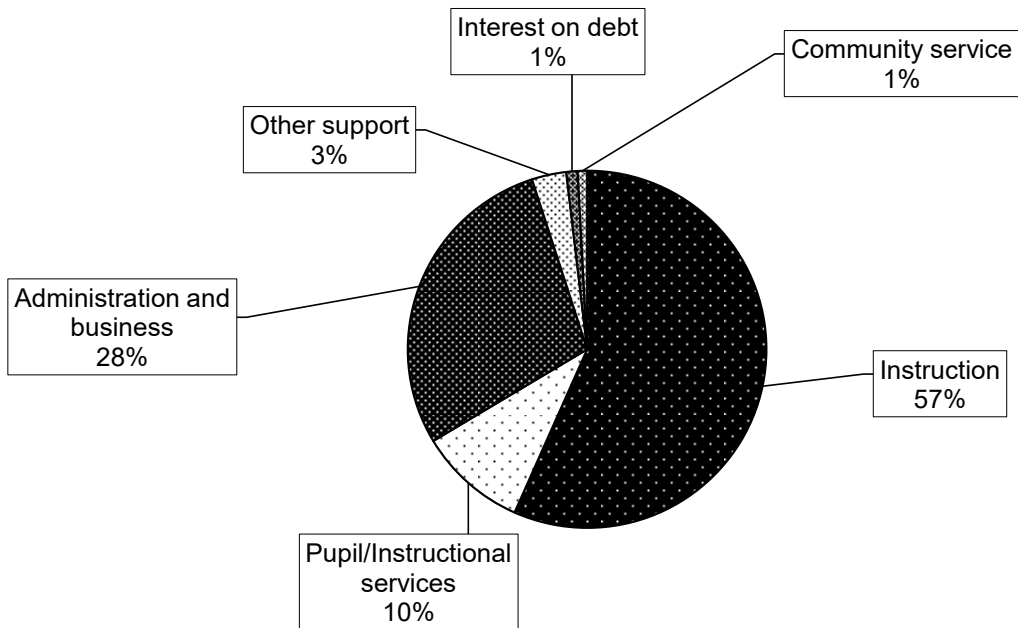
- The District's total expenditure amount was \$67.8 million for fiscal year 2022-2023. Sixty-six percent (66%) was directed to pupil instruction and instructional services. Costs for teacher salaries/benefits, textbooks, and instructional supplies are examples of pupil instruction and instructional services. Administration and other support account for thirty-two percent (32%). 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, 2023**

**REVENUE BY SOURCE**



**EXPENSES BY FUNCTION**



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For Year Ended June 30, 2023**

**Table 4 - Net Cost of Governmental Activities**  
*(2022 has not been restated for GASB 96 implementation)*

	<b>2023</b>		<b>2022</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 38,359,875	\$ 32,249,718	\$ 35,344,756	\$ 31,209,869
Pupil/Instructional Services	6,623,740	5,255,869	5,526,163	4,954,707
Administration and Business	19,377,374	17,370,321	16,692,047	15,998,110
Other Support	2,161,516	2,131,451	1,769,214	1,753,820
Interest on Debt	690,063	690,063	609,403	609,403
Community Service	570,375	299,411	580,398	264,825
<b>Total</b>	<b>\$ 67,782,943</b>	<b>\$ 57,996,833</b>	<b>\$ 60,521,981</b>	<b>\$ 54,790,734</b>

The net cost of governmental activities was \$58 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.

General Fund final budget was approved with a surplus of \$2,124,478. Actual results for 2022-2023 show an increase of \$5,726,501 to the fund balance. This increase in fund balance was a result of the District claiming ESSER reimbursements during the 2023 fiscal year and conservative spending.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For Year Ended June 30, 2023**

**Fund Balances**

- The District shows a total for all fund balances of \$26.4 million as of June 30, 2023. (See Note 13 in the financial statements for the detail of total governmental fund balances).
- \$20.2 million is in the General Fund (Fund 10). \$2.8 million represents assets reserved for the self-funded insurance program (Note 11 details the program). 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.
- \$1.7 million is in the Food Service Fund (Fund 50) and is used for food service equipment replacements.
- The District had a \$1.2 million fund balance in the Community Service Fund (Fund 80) at June 30, 2023.
- 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 \$173,066. Fund 21 reflects the balance of awards and donations to the District unspent by June 30, 2023.
- 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 2023 fiscal year, the District had invested \$110.0 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 6 to the financial statements). Total depreciation expense for the year was \$2,827,709 furniture and equipment (including vehicles) originally costing \$93,274 was disposed of, while building improvements and additions to equipment and furniture amounted to \$1,873,053.

**Long Term Debt**

- As of June 30, 2023 the District had total debt outstanding of \$25.3 million in long-term obligations which includes bonds, notes payable, lease liability, compensated absences. (Note 7 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, 2023**

**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. Increase in principal and interest payments in Fund 38 after 3 years of reductions after prepayment of callable debt.
2. Proposed legislation:
  - a. Payment for school vouchers
  - b. Open enrollment for employees of the District
3. Resolution of the WAWM detachment litigation

**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](mailto:patrick.miller@nbexcellence.org)



**BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

**ASSETS**

**Current Assets**

Cash and investments	\$ 23,905,227
Taxes receivable	5,055,432
Accounts receivable	97,520
Current portion of lease receivable	21,768
Due from other governments	1,008,743
Prepaid expenses	13,640

**Total Current Assets** 30,102,330

**Non-current Assets**

Right-of-use leased assets, net of accumulated amortization	52,571
Capital assets, net of accumulated depreciation	60,806,175
SBITA assets, net of accumulated amortization	65,448
Non-current portion of lease receivable	50,599

**Total Non-current Assets** 60,974,793

**Total Assets** 91,077,123

**Deferred Outflows of Resources**

Deferred outflows of resources from WRS pension	30,549,006
Deferred outflows of resources from OPEB	2,507,245

**Total Deferred Outflows of Resources** 33,056,251

**Total Assets and Deferred Outflows of Resources** \$ 124,133,374

**LIABILITIES**

**Current Liabilities**

Current portion of long-term obligations	\$ 3,188,726
Accounts payable and accrued expenses	3,607,249
Unearned revenue	68,054
Other current liabilities	239,209

**Total Current Liabilities** 7,103,238

**Non-current Liabilities**

Net WRS pension liability	8,375,515
Net OPEB liability	11,457,689
Non-current portion of long-term obligations	22,107,507

**Total Non-current Liabilities** 41,940,711

**Total Liabilities** 49,043,949

**Deferred Inflows of Resources**

Deferred inflows of Resources from Leases	47,331
Deferred inflows of resources from WRS pension	17,571,767
Deferred inflows of resources from OPEB	2,791,055

**Total Deferred Inflows of Resources** 20,410,153

**Total Liabilities and Deferred Inflows of Resources** 69,454,102

**NET POSITION**

Net investment in capital assets	35,729,740
Restricted	13,712,979
Unrestricted	5,236,553

**Total Net Position** 54,679,272

**Total Liabilities, Deferred Inflows of Resources and Net Position** \$ 124,133,374

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2023

<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>	
<b>Instruction</b>				
Regular	\$ 26,497,550	\$ 1,549,103	\$ 2,198,256	\$ (22,750,191)
Physical	1,310,102	87,002	-	(1,223,100)
Vocational	1,180,076	85,922	155	(1,093,999)
Special education	7,328,611	-	1,939,328	(5,389,283)
Other	2,043,536	110,669	139,722	(1,793,145)
<b>Total Instruction</b>	<b>38,359,875</b>	<b>1,832,696</b>	<b>4,277,461</b>	<b>(32,249,718)</b>
<b>Support Services</b>				
Pupil services	2,288,815	-	642,794	(1,646,021)
Instructional support services	4,334,925	-	725,077	(3,609,848)
General administrative services	734,193	-	-	(734,193)
Building administrative services	3,112,609	-	-	(3,112,609)
Business administrative services	14,164,366	1,296,819	703,344	(12,164,203)
Central services	1,044,066	-	6,890	(1,037,176)
Insurance and judgements	322,140	-	-	(322,140)
Other support services	2,161,516	-	30,065	(2,131,451)
Debt service	690,063	-	-	(690,063)
Community service	570,375	270,964	-	(299,411)
<b>Total Support Services</b>	<b>29,423,068</b>	<b>1,567,783</b>	<b>2,108,170</b>	<b>(25,747,115)</b>
<b>Total Activities</b>	<b>\$ 67,782,943</b>	<b>\$ 3,400,479</b>	<b>\$ 6,385,631</b>	<b>(57,996,833)</b>
<b>General Revenues</b>				
<b>Taxes</b>				
<b>Property taxes</b>				
General purposes				37,980,561
Debt service				3,767,058
Capital expansion				2,371,626
Community service				600,000
Federal and State aids not restricted to specific functions				16,493,141
Gifts				239,939
Investment income				837,182
Miscellaneous				1,949,246
<b>Total General Revenues</b>				<b>64,238,753</b>
<b>Other Expense</b>				
Gain on disposal of capital assets				56,767
<b>Change in Net Position</b>				<b>6,298,687</b>
Net Position, beginning of year as restated				48,380,585
<b>NET POSITION, end of year</b>				<b>\$ 54,679,272</b>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2023**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 17,514,224	\$ 173,066	\$ 6,217,937	\$ 23,905,227
Taxes receivable	5,055,432	-	-	5,055,432
Accounts receivable	47,127	-	50,393	97,520
Lease receivable	72,367	-	-	72,367
Due from other district within Wisconsin	1,334	-	-	1,334
Due from other governments	988,463	-	18,947	1,007,410
Prepaid expenses	13,640	-	-	13,640
<b>Total Assets</b>	<u>\$ 23,692,587</u>	<u>\$ 173,066</u>	<u>\$ 6,287,277</u>	<u>\$ 30,152,930</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 769,769	\$ -	\$ 130,797	\$ 900,566
Accrued salaries and wages	2,704,250	-	2,434	2,706,684
Deferred inflows from leases	47,331	-	-	47,331
Unearned revenue	-	-	68,054	68,054
<b>Total Liabilities</b>	<u>3,521,350</u>	<u>-</u>	<u>201,285</u>	<u>3,722,635</u>
<b>Fund Balances</b>				
Nonspendable	38,676	-	-	38,676
Restricted	2,827,161	173,066	6,085,992	9,086,219
Unassigned	17,305,400	-	-	17,305,400
<b>Total Fund Balances</b>	<u>20,171,237</u>	<u>173,066</u>	<u>6,085,992</u>	<u>26,430,295</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 23,692,587</u>	<u>\$ 173,066</u>	<u>\$ 6,287,277</u>	

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.	60,806,175
Right-of-use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.	52,571
SBITA assets used in governmental activities are not financial resources and therefore are not reported in the funds.	65,448
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.	(7,139,775)
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.	<u>(25,535,442)</u>
<b>Net Position of Governmental Activities</b>	<u>\$ 54,679,272</u>

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, 2023**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Local property taxes	\$ 37,980,561	\$ 3,767,058	\$ 2,971,626	\$ 44,719,245
Other local sources	2,632,380	19,207	2,667,085	5,318,672
Interdistrict	692,536	-	53,144	745,680
Intermediate	61,967	-	-	61,967
State	16,744,191	-	21,097	16,765,288
Federal	5,380,242	-	671,276	6,051,518
Other	360,465	-	2,032	362,497
<b>Total Revenues</b>	<u>63,852,342</u>	<u>3,786,265</u>	<u>6,386,260</u>	<u>74,024,867</u>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular	19,830,323	-	163,992	19,994,315
Physical	1,113,720	-	-	1,113,720
Special education	6,364,307	-	-	6,364,307
Vocational	1,099,895	-	14,814	1,114,709
Other	1,416,686	-	596,716	2,013,402
<b>Total Instruction</b>	<u>29,824,931</u>	<u>-</u>	<u>775,522</u>	<u>30,600,453</u>
<b>Support Services</b>				
Pupil services	2,130,119	-	7,249	2,137,368
Instructional support services	4,115,175	-	42,928	4,158,103
General administrative services	599,365	-	102,555	701,920
Building administrative services	2,933,116	-	5,274	2,938,390
Business administrative services	10,458,394	-	3,868,576	14,326,970
Central services	928,637	-	55,249	983,886
Insurance and judgements	322,140	-	-	322,140
Other support services	2,106,033	-	21,437	2,127,470
Debt service				
Principal	466,217	2,985,000	-	3,451,217
Interest and fees	7,101	782,059	-	789,160
Community services	-	-	546,049	546,049
<b>Total Support Services</b>	<u>24,066,297</u>	<u>3,767,059</u>	<u>4,649,317</u>	<u>32,482,673</u>
<b>Non-Program</b>				
General tuition payments	4,311,146	-	-	4,311,146
Other non-program services	38,299	-	62,702	101,001
<b>Total Non-Program</b>	<u>4,349,445</u>	<u>-</u>	<u>62,702</u>	<u>4,412,147</u>
<b>Total Expenditures</b>	<u>58,240,673</u>	<u>3,767,059</u>	<u>5,487,541</u>	<u>67,495,273</u>
Excess (deficiency) of revenue over expenditures	5,611,669	19,206	898,719	6,529,594
<b>Other Financing Sources (Uses)</b>				
Proceeds on sale of fixed assets	118,087	-	-	118,087
Transfers (to) from other funds	(3,255)	-	3,255	-
<b>Net Change in Fund Balances</b>	5,726,501	19,206	901,974	6,647,681
Fund Balances, beginning of year as restated	14,444,736	153,860	5,184,018	19,782,614
<b>FUND BALANCES, end of year</b>	<u>\$ 20,171,237</u>	<u>\$ 173,066</u>	<u>\$ 6,085,992</u>	<u>\$ 26,430,295</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, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 6,647,681

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	\$ 1,873,053	
Depreciation expense reported in the Statement of Activities	(2,827,709)	
Proceeds from disposal of fixed assets	(118,087)	
Gain (loss) on disposal of fixed assets	<u>56,767</u>	
		(1,015,976)

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. (394,819)

Governmental funds report capital outlays for SBITA assets as expenditures.

However, in the Statement of Activities, the cost of those assets are amortized over the term of the related SBITA on a straight-line basis. (73,694)

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. (2,551,629)

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 payments exceeded proceeds. 3,451,106

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. 171,873

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. 64,145

**Change in Net Position** \$ 6,298,687

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**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, 2023**

**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, 2023**

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

**B. BASIS OF PRESENTATION (continued)**

**Custodial Funds (not included in District-Wide statements)**

**Custodial 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, 2023**

**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 - 2022 tax roll:

Lien date and levy date	October, 2022
Tax bills mailed	December 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	March 31, 2023
Third installment due	May 31, 2023
Personal property taxes in full	January 31, 2023

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, 2023**

**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, 2023 the district had \$544,351 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, 2023**

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

**H. RIGHT-OF-USE LEASED ASSETS**

In the district-wide financial statements, 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. In the fund financial statements, lease payments are expensed as paid.

**I. SBITA Assets**

In the district-wide financial statements, the District has recorded SBITA assets as a result of implementing GASB 96, *Subscription-Based Information Technology Arrangements*. The SBITA assets are initially measured at an amount equal to the initial measurement of the related SBITA liability plus any payments made prior to the SBITA term, less incentives, plus ancillary charges necessary to place the SBITA into service. The SBITA assets are amortized on a straight-line basis over the life of the related SBITA. In the fund financial statements, SBITA payments are expensed as paid.

**J. 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.

**K. 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.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

**L. 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.

**M. ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS**

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

**N. PENSIONS**

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

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

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

**O. 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).

**P. 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.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

**Q. 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.

**R. 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.

**S. 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.

**T. 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."

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

**T. EQUITY CLASSIFICATIONS (continued)**

**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).
- 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, 2023, 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.

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

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

7. Repurchase agreements with public depositories, with certain conditions.

At June 30, 2023 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	\$ 4,948	\$ 4,948	\$ -
Investment Series	Amortized Cost	24,118,316	24,118,316	-
		<u>\$ 24,123,264</u>	<u>\$ 24,123,264</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. The District is also the lessor under short-term agreements.

For the year ended June 30, 2023, District recognized rental and interest income of \$300,879 and \$1,679, respectively.

Future rental and interest income are as follows:

<u>Year Ending June 30</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
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
<b>Totals</b>	<u>\$ 2,438</u>	<u>\$ 72,367</u>	<u>\$ 74,805</u>



**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**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 7. 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, 2023, was as follows:

	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
Right-of-use leased assets subject to amortization				
Equipment	\$ 1,308,413	\$ -	\$ -	\$ 1,308,413
Vehicles	<u>133,943</u>	<u>-</u>	<u>57,667</u>	<u>76,276</u>
Total Assets Being Amortized	<u>1,442,356</u>	<u>-</u>	<u>57,667</u>	<u>1,384,689</u>
Less: Accumulated amortization for				
Equipment	940,603	346,174	-	1,286,777
Vehicles	<u>54,363</u>	<u>22,600</u>	<u>31,622</u>	<u>45,341</u>
Total Accumulated Amortization	<u>994,966</u>	<u>368,774</u>	<u>31,622</u>	<u>1,332,118</u>
Net Right-of-Use Leased Assets	<u>\$ 447,390</u>	<u>\$ (368,774)</u>	<u>\$ 26,045</u>	<u>\$ 52,571</u>

Amortization expense was charged to functions as follows:

<b>Instruction</b>	
Regular	\$ 211,800
<b>Support Services</b>	
Business administration services	<u>156,974</u>
<b>Total Amortization Expense</b>	<u>\$ 368,774</u>

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 5 - SBITA Asset**

The District has various SBITA arrangements as discussed in Note 7. SBITA activity for the year ended June 30, 2023 was as follows:

	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
SBITA assets subject to amortization				
SoftDocs	\$ 79,034	\$ -	\$ -	\$ 79,034
Unity Flex	65,219	-	-	65,219
Canvas	93,360	-	93,360	-
Studio	15,081	-	-	15,081
	<u>252,694</u>	<u>-</u>	<u>93,360</u>	<u>159,334</u>
Less: Accumulated amortization for				
SoftDocs	31,614	15,807	-	47,421
Unity Flex	10,870	21,740	-	32,610
Canvas	62,240	31,120	93,360	-
Studio	8,828	5,027	-	13,855
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accumulated Amortization	<u>113,552</u>	<u>73,694</u>	<u>93,360</u>	<u>93,886</u>
Net SBITA Assets	<u>\$ 139,142</u>	<u>\$ (73,694)</u>	<u>\$ -</u>	<u>\$ 65,448</u>

Amortization expense was charged to functions as follows:

<b>Support Services</b>	
Administration	\$ 15,807
Other support services	<u>57,887</u>
<b>Total Amortization Expense</b>	<u>\$ 73,694</u>

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 6 - Capital Assets**

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

	<b>Balance 7/1/2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/2023</b>
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	4,030,610	957,191	-	4,987,801
Buildings & building improvements	97,921,706	514,954	-	98,436,660
Furniture and equipment	5,046,847	275,551	42,713	5,279,685
Vehicles	347,902	125,357	50,561	422,698
Total depreciable capital assets	<u>107,347,065</u>	<u>1,873,053</u>	<u>93,274</u>	<u>109,126,844</u>
Less: Accumulated depreciation for				
Site improvements	2,240,723	169,728	-	2,410,451
Buildings & building improvements	40,908,273	2,367,960	-	43,276,233
Furniture and equipment	2,960,446	266,868	31,954	3,195,360
Vehicles	318,483	23,153	-	341,636
Total Accumulated Depreciation	<u>46,427,925</u>	<u>2,827,709</u>	<u>31,954</u>	<u>49,223,680</u>
Total depreciable capital assets, net of accumulated depreciation	<u>60,919,140</u>	<u>(954,656)</u>	<u>61,320</u>	<u>59,903,164</u>
Net capital assets, net of accumulated depreciation	<u>\$ 61,822,151</u>	<u>\$ (954,656)</u>	<u>\$ 61,320</u>	<u>\$ 60,806,175</u>

Depreciation expense was charged to functions as follows:

<b>Instruction</b>		
Regular		\$ 1,648,027
Vocational		11,854
<b>Support Services</b>		
Business Admin		1,152,046
Central Services		15,782
<b>Total Depreciation Expense</b>		<u>\$ 2,827,709</u>

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 7 – Long-Term Obligations**

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

	<u>Balance 6/30/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2023</u>	<u>Due Within One Year</u>
<b>General obligation debt</b>					
Bonds and notes payable					
Bonds	\$ 27,555,000	\$ -	\$ 2,985,000	\$ 24,570,000	\$ 2,900,000
Refunding premium	716,224	-	171,873	544,351	121,418
	<u>28,271,224</u>	<u>-</u>	<u>3,156,873</u>	<u>25,114,351</u>	<u>3,021,418</u>
<b>Other Liabilities:</b>					
Lease liability	438,061	-	397,015	41,046	26,472
SBITA liability	108,148	-	69,091	39,057	39,057
Compensated absences	144,447	101,779	144,447	101,779	101,779
	<u>438,061</u>	<u>101,779</u>	<u>144,447</u>	<u>101,779</u>	<u>101,779</u>
<b>Total Long-Term Liabilities</b>	<u>\$ 28,961,880</u>	<u>\$ 101,779</u>	<u>\$ 3,767,426</u>	<u>\$ 25,296,233</u>	<u>\$ 3,188,726</u>

Total long-term interest paid and expended during the year was \$789,170 and \$767,693 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 6/30/2023</u>
<b>General Obligation Debt</b>					
Bonds payable	11/16/2015	3/1/2029	2.0-2.375%	\$ 9,995,000	\$ 2,810,000
Bonds payable	8/10/2017	3/1/2032	2.0-3.0%	4,000,000	2,560,000
Bonds payable	10/16/2018	3/1/2029	3.20-3.65%	12,680,000	12,490,000
Bonds payable	12/2/2020	9/1/2031	2.0-3.0%	12,395,000	6,710,000
<b>Total General Obligation Debt</b>					<u>\$ 24,570,000</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>
2024	\$ 2,900,000.00	\$ 717,629.00	\$ 3,617,629.00
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	9,395,000	519,237	9,914,237
<b>Totals</b>	<u>\$ 24,570,000</u>	<u>\$ 2,894,338</u>	<u>\$ 27,464,338</u>

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 7 – Long-Term Obligations (continued)**

D. The 2022 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$6,494,577,054. The legal debt limit and margin of indebtedness as of June 30, 2023 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of \$6,494,577,054)	\$ 649,457,705
Deduct: Long-term debt applicable to debt margin	<u>24,570,000</u>
Margin of indebtedness	<u><u>\$ 624,887,705</u></u>

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			
Copier	8/15/2018	8/15/2023	\$ 11,358	Monthly	2.00%
Apple iPads	7/10/2020	7/10/2023	\$ 214,310	Annual	1.19%
Ford Van	7/1/2020	6/30/2025	\$ 433	Monthly	2.00%
Ford Van	7/1/2020	6/30/2025	\$ 433	Monthly	2.00%
Ford Van	8/1/2020	7/31/2025	\$ 433	Monthly	2.00%

F. The District has several SBITA agreements that qualify under GASB 96, and therefore have been recorded at the present value of the future minimum payments at the date of inception. There are no variable payment components. The value of the SBITA assets relating to the SBITA liabilities are discussed in Note 5. The terms of the SBITA agreements are as follows:

Description	Term		Payment	Frequency	Discount Rate
	Beginning	End			
Core Bts	1/1/2022	1/1/2025	\$22,172	Yearly	2.00%
SoftDocs	7/1/2020	6/30/2025	Varies	Yearly	2.00%
Instructure	9/1/2020	9/1/2023	Varies	Yearly	2.00%

The future minimum SBITA obligations and net present value of these minimum payments as of June 30, 2023, were as follows:

Year Ending June 30	Principal	Interest	Total
2024	\$ 39,057	\$ 559	\$ 39,616
<b>Totals</b>	<b>\$ 39,057</b>	<b>\$ 559</b>	<b>\$ 39,616</b>

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 8 - 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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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

**Benefits provided.** Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 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.

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 8 - WRS Pension Plan (continued)**

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

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

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

During the reporting period, the WRS recognized \$1,871,504 in contributions from the District.

Contribution rates as of December 31, 2022 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 8 - WRS Pension Plan (continued)**

***Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At June 30, 2023, the School District of New Berlin reported a liability (asset) of \$8,375,515 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability (asset) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The 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, 2022, the School District of New Berlin's proportion was .1581%, which was a decrease of .0017% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the School District of New Berlin recognized pension expense (revenue) of \$4,132,954.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 13,339,600	\$ 17,525,239
Changes in assumptions	1,646,972	-
Net differences between projected and actual earnings on pension plan investments	14,228,065	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	102,272	46,528
Employer contributions subsequent to the measurement date	1,232,096	-
<b>Total</b>	<b>\$ 30,549,006</b>	<b>\$ 17,571,767</b>

\$1,232,096 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	<b>Net Deferred Outflow (Inflows) of Resources</b>
2023	\$ 484,623
2024	\$ 2,438,984
2025	\$ 2,509,516
2026	\$ 6,312,020



**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 8 - WRS Pension Plan (continued)**

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

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

\* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the 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. The total pension liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 8 - 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:

<b>Asset Allocation Targets and Expected Returns<sup>1</sup> As of December 31, 2022</b>						
<u>Core Fund Asset Class</u>	<u>Asset Allocation</u>		<u>Long-Term Expected Nominal Rate of Return %</u>		<u>Long-Term Expected Real Rate of Return %<sup>2</sup></u>	
	%					
Global Equities	48	%	7.6	%	5	%
Fixed Income	25		5.3		2.7	
Inflation Sensitive Assets	19		3.6		1.1	
Real Estate	8		5.2		2.6	
Private Equity/Debt	15		9.6		6.9	
<b>Total Core Fund<sup>3</sup></b>	<b>115</b>	<b>%</b>	<b>7.4</b>	<b>%</b>	<b>4.8</b>	<b>%</b>
<u>Variable Fund Asset Class</u>						
U.S. Equities	70		7.2		4.6	
International Equities	30		8.1		5.5	
<b>Total Variable Fund</b>	<b>100</b>	<b>%</b>	<b>7.7</b>	<b>%</b>	<b>5.1</b>	<b>%</b>
<sup>1</sup> Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations.						
<sup>2</sup> New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%						
<sup>3</sup> The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.						

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

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 8 - 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:

	<b>1% Decrease to Discount Rate (5.80%)</b>	<b>Current Discount Rate (6.80%)</b>	<b>1% Increase to Discount Rate (7.80%)</b>
School District of New Berlin's proportionate share of the net pension liability (asset)	\$27,798,061	\$8,375,515	\$(4,985,531)

**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 9 - Supplemental Pension Plan**

The District provides a stipend benefit to one 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. As of June 30, 2023, all benefits have been paid.

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

Supplemental Pension

Obligation as of July 1, 2022	\$	7,267
Benefit payments		(7,267)
		-
Obligation as of June 30, 2023	\$	-

**Note 10 - 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 336 active, 269 retired, and 29 spouse members in the plan as of July 1, 2022, 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, 2023, the School District of New Berlin reported a liability of \$11,457,689 for its net OPEB liability. The net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022 rolled forward to June 30, 2023. Actuarial assumptions are based on the Wisconsin Retirement System (WRS) experience study for the period 2018 to 2020. 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 3.9% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a municipal bond rate of 3.9%).

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 10 - 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 \$758,720 in benefits for the year ended June 30, 2023.

For the year ended June 30, 2023, the School District of New Berlin recognized OPEB expense of \$1,056,166. The OPEB expense is made up of certain changes in the Total OPEB Liability and amortization of Deferred Outflows (Inflows). At June 30, 2023, the School District of New Berlin reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,898,456	\$ 5,848
Changes of assumptions or other input	608,789	2,785,207
<b>Total</b>	<b>\$ 2,507,245</b>	<b>\$ 2,791,055</b>

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

<b>Year ended June 30:</b>	<b>Net Outflows and Inflows</b>
2024	\$ 225,763
2025	\$ 225,760
2026	\$ (158,555)
2027	\$ (361,484)
2028	\$ (215,294)
Thereafter	\$ -

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 10 - 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:	July 1, 2022
Measurement Date:	June 30, 2023
Reporting Date:	June 30, 2023
Actuarial Cost Method:	Entry Age, level percentage of pay
Medical Care Trend:	6.25% decreasing to 5.00% over 6 years, then 4.00%
Discount Rate*:	3.90% (based upon all years of projected payments discounted at a municipal bond rate of 3.9%)
Municipal Bond Rate Source:	20-Year Municipal Bond Yield
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 generational improvement scale (multiplied 60%)

\* Implicit in this rate is an assumed rate of inflation of 2.90%

*Single Discount rate.* A single discount rate of 3.90% 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 3.9%, 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 (2.90%) or 1-percentage-point higher (4.90%) than the current rate:

	<b>1% Decrease to Discount Rate (2.90%)</b>	<b>Current Discount Rate (3.90%)</b>	<b>1% Increase to Discount Rate (4.90%)</b>
School District of New Berlin's Total OPEB liability	\$12,474,883	\$11,457,689	\$10,543,425

*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:

	<b>1% Decrease (5.25% decreasing to 4.0%)</b>	<b>Healthcare Cost Trend Rates (6.25% decreasing To 5.0%)</b>	<b>1% Increase (7.25% decreasing to 6.0%)</b>
School District of New Berlin's Total OPEB liability	\$10,477,709	\$11,457,689	\$12,617,491

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**Note 11 - Self-Funded Insurance Program**

The District provides self-funded health and dental benefits for its employees. The plan administrators, Marsh & McLennan Agency LLC and Delta Dental of Wisconsin, are 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.

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, 2023, the aggregate claim limit was \$8,069,170. The District has no stop-loss insurance for the Plan's dental or vision care coverage of the Plan.

On June 30, 2023, the District has reported a liability of \$898,492, which represents reported and unreported claims which were incurred on or before June 30, 2023, but were not paid by the District as of that date. This amount consists of claims reported to the District by the Plan administrator of \$165,202 and claims which were not yet reported to either the Plan administrator or the District of \$733,290. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2023 and June 30, 2022 are as follows:

	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>
Estimated Claims Outstanding July 1	\$ 1,530,590	\$ 1,802,084
Current Year Claims and Changes in Estimates	5,276,579	6,756,746
Claim Payments	<u>(5,908,677)</u>	<u>(7,028,240)</u>
Estimated Claims Outstanding June 30	<u>\$ 898,492</u>	<u>\$ 1,530,590</u>

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 12 - Governmental Activities Net Position**

Governmental activities net position reported on the Government Wide Statement of Net Position at June 30, 2023 includes the following:

<b>Governmental Activities</b>	
<b>Net investment in Capital Assets</b>	
Capital assets, net of accumulated depreciation	\$ 60,806,175
Right-of-use leased assets, net of accumulated amortization	52,571
SBITA assets, net of accumulated amortization	65,448
Less: related long-term debt outstanding	<u>(25,194,454)</u>
Total Net Investment in Capital Assets	<u>35,729,740</u>
<b>Restricted</b>	
Net WRS restricted net position	4,601,724
Self insurance	2,827,161
Net lease receivable	25,036
Debt Service	173,066
Gift Fund	1,324,267
Capital Expansion	1,886,832
Food Service	1,655,536
Community Service	<u>1,219,357</u>
	<u>13,712,979</u>
<b>Unrestricted</b>	<u>5,236,553</u>
Total Governmental Activities Net Position	<u><u>\$ 54,679,272</u></u>

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 13 - Governmental Fund Balances**

Governmental fund balances reported on the fund financial statements at June 30, 2023 include the following:

<b>Nonspendable</b>	
General Fund-prepaid expenses	\$ 13,640
General Fund-lease receivable, net of deferred inflows	<u>25,036</u>
Total Nonspendable Fund Balance	<u>38,676</u>
<b>Restricted</b>	
Self Insurance	2,827,161
Debt Service	173,066
Gift Fund	1,324,267
Project Expansion	1,886,832
Food Service	1,655,536
Community Service	<u>1,219,357</u>
Total Restricted Fund Balance	<u>9,086,219</u>
<b>Unassigned</b>	<u>17,305,400</u>
Total Governmental Fund Balances	<u>\$ 26,430,295</u>

**Note 14 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position**

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>\$ 60,806,175</u>
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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>\$ 52,571</u>
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SBITA assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

SBITA assets, net of accumulated amortization	<u>\$ 65,448</u>
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**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 14 - 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 liability	\$ (8,375,515)
Total OPEB liability	(11,457,689)
Deferred outflows of resources from WRS pension	30,549,006
Deferred outflows of resources from OPEB	2,507,245
Deferred inflows of resources from WRS pension	(17,571,767)
Deferred inflows of resources from OPEB	<u>(2,791,055)</u>
Combined Adjustment	<u><u>\$ (7,139,775)</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	\$ (24,570,000)
Lease liability	(41,046)
SBITA liability	(39,057)
Net deferred debt premium	(544,351)
Accrued compensated absences	(101,779)
Accrued interest on long-term obligations	<u>(239,209)</u>
Combined Adjustment	<u><u>\$ (25,535,442)</u></u>

**Note 15 - 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	\$ 1,873,053
Depreciation expense	(2,827,709)
Proceeds from disposal of fixed assets	(118,087)
Loss on disposal of fixed assets	<u>56,767</u>
Combined Adjustment	<u><u>\$ (1,015,976)</u></u>

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 15 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (continued)**

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:

Lease adjustment	\$ (26,045)
Amortization expense	<u>(368,774)</u>
	<u>\$ (394,819)</u>

SBITA assets 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>(73,694)</u>
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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	\$ 1,871,504
WRS pension expense	(4,132,954)
Supplemental pension benefits paid	7,267
OPEB benefits paid	758,720
OPEB expense	<u>(1,056,166)</u>
Combined Adjustment	<u>\$ (2,551,629)</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>3,451,106</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>171,873</u>
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**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 15 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities (continued)**

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	\$	42,668
Accrued interest		<u>21,477</u>
Combined Adjustment	\$	<u>64,145</u>

**Note 16 - 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.

**Note 17 - 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 18 - 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.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 19 – Interfund Receivables/Payables and Transfers**

There were no interfund receivables and payables on June 30, 2023. The following is a schedule of interfund transfers:

<b>Fund Transferred To</b>	<b>Fund Transferred From</b>	<b>Amount</b>
Debt Service Fund	Food Service	\$ 3,255
Total - Fund Financial Statements		3,255
Less: Eliminations		(3,255)
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 20 – Subsequent Events**

Management has evaluated subsequent events for possible recognition or disclosure through December 13, 2023 date the financial statements were available to be distributed.

**Note 21 - Prior Period Adjustment and Change in Accounting Principle**

The net position as of July 1, 2022 has been increased by \$30,994 as a result of the District implementing GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

The following illustrates the change in accounting principle as shown on the Districts Statement of Net Position and Statement of Activities for the year ended June 30, 2023:

Fund balance as previously reported on July 1, 2022	\$ 48,349,591
Prior period adjustment	
Adjustment for SBITA liability- to implement GASB #96	
Beginning SBITA asset	252,694
Beginning amortization of SBITA assets	(113,552)
Beginning SBITA liability	(108,148)
Total adjustment	30,994
Net position, as restated	\$ 48,380,585

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 22 – 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. 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. 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.

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 22 – Recently Issued Accounting Standards (continued)**

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, 2023**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>with Final Budget</b>
<b>Revenues</b>				
Local property taxes	\$ 37,980,561	\$ 37,980,561	\$ 37,980,561	\$ -
Other local sources	1,580,502	1,580,502	2,632,380	1,051,878
Interdistrict	681,768	681,768	692,536	10,768
Intermediate	28,715	28,715	52,180	23,465
State	14,160,836	14,217,764	14,312,700	94,936
Federal	4,158,558	4,160,604	4,216,270	55,666
Other	284,945	284,945	359,765	74,820
<b>Total Revenues</b>	<b>58,875,885</b>	<b>58,934,859</b>	<b>60,246,392</b>	<b>1,311,533</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Regular	20,421,785	20,389,808	19,830,323	559,485
Physical	1,113,496	1,113,496	1,113,720	(224)
Vocational	1,111,540	1,142,440	1,099,895	42,545
Other	1,282,502	1,282,502	1,416,686	(134,184)
<b>Total Instruction</b>	<b>23,929,323</b>	<b>23,928,246</b>	<b>23,460,624</b>	<b>467,622</b>
<b>Support Services</b>				
Pupil services	1,205,134	1,209,134	1,167,044	42,090
Instructional support services	3,530,634	3,586,062	3,577,487	8,575
General administrative services	629,919	629,919	565,429	64,490
Building administrative services	3,025,875	3,023,954	2,933,116	90,838
Business administrative services	10,488,991	10,491,533	9,917,173	574,360
Central services	984,738	984,738	922,644	62,094
Insurance and judgements	545,000	545,000	317,140	227,860
Other support services	2,260,885	2,260,885	2,106,033	154,852
Debt service	376,182	376,182	455,689	(79,507)
<b>Total Support Services</b>	<b>23,047,358</b>	<b>23,107,407</b>	<b>21,961,755</b>	<b>1,145,652</b>
<b>Non-Program</b>				
General tuition payments	3,917,486	3,917,486	3,740,562	176,924
Other non-program services	10,000	10,000	38,299	(28,299)
<b>Total Non-Program</b>	<b>3,927,486</b>	<b>3,927,486</b>	<b>3,778,861</b>	<b>148,625</b>
<b>Total Expenditures</b>	<b>50,904,167</b>	<b>50,963,139</b>	<b>49,201,240</b>	<b>1,761,899</b>
Excess of revenues over expenditures	7,971,718	7,971,720	11,045,152	3,073,432
<b>Other Financing Sources (Uses)</b>				
Proceeds on sale of fixed assets	-	-	67,280	67,280
Transfers to other funds	(5,847,242)	(5,847,242)	(5,385,931)	461,311
<b>Net Change in Fund Balances</b>	<b>2,124,476</b>	<b>2,124,478</b>	<b>5,726,501</b>	<b>3,602,023</b>
Fund Balances, beginning of year	14,444,736	14,444,736	14,444,736	-
<b>FUND BALANCES, end of year</b>	<b>\$ 16,569,212</b>	<b>\$ 16,569,214</b>	<b>\$ 20,171,237</b>	<b>\$ 3,602,023</b>

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, 2023**

	<b>Budget</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		<b>with Final Budget</b>
<b>Revenues</b>				
Intermediate	\$ -	\$ -	\$ 9,787	\$ 9,787
State	2,239,678	2,239,678	2,431,491	191,813
Federal	1,167,570	1,167,570	1,163,972	(3,598)
Other	-	-	700	700
<b>Total Revenues</b>	<b>3,407,248</b>	<b>3,407,248</b>	<b>3,605,950</b>	<b>198,702</b>
<b>Expenditures</b>				
<b>Instruction</b>				
Special education	6,698,141	6,698,141	6,364,307	333,834
<b>Total Instruction</b>	<b>6,698,141</b>	<b>6,698,141</b>	<b>6,364,307</b>	<b>333,834</b>
<b>Support Services</b>				
Pupil services	1,013,240	1,013,240	963,075	50,165
Instructional support services	473,584	473,584	537,688	(64,104)
General administrative services	22,405	22,405	33,936	(11,531)
Business administrative services	470,459	470,459	541,221	(70,762)
Central services	4,216	4,216	5,993	(1,777)
Insurance and judgements	-	-	5,000	(5,000)
Debt service	8,269	8,269	17,629	(9,360)
<b>Total Support Services</b>	<b>1,992,173</b>	<b>1,992,173</b>	<b>2,104,542</b>	<b>(112,369)</b>
<b>Non-Program</b>				
General tuition payments	564,176	564,176	570,584	(6,408)
<b>Total Non-Program</b>	<b>564,176</b>	<b>564,176</b>	<b>570,584</b>	<b>(6,408)</b>
<b>Total Expenditures</b>	<b>9,254,490</b>	<b>9,254,490</b>	<b>9,039,433</b>	<b>215,057</b>
Deficiency of revenues over expenditures	(5,847,242)	(5,847,242)	(5,433,483)	413,759
<b>Other Financing Uses</b>				
Proceeds on sale of fixed assets	-	-	50,807	50,807
Transfers from other funds	5,847,242	5,847,242	5,382,676	(464,566)
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund Balances, beginning of year	-	-	-	-
<b>FUND BALANCES, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District of New Berlin's proportion of the net pension liability (asset)	0.1581%	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)	(\$8,375,515)	(\$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	\$28,792,377	\$ 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	29.09%	(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)	95.72%	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 8 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)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 1,871,504	\$ 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	\$ 1,871,504	\$ 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	\$ 28,792,377	\$ 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	6.50%	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 8 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>2023</u>	<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	\$ 7,267	\$ 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	(7,267)	(9,985)	(35,243)	(35,243)	(35,243)	(35,243)	(35,243)	(3,781)
Net Changes	<u>(7,267)</u>	<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>\$ -</u>	<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	N/A

See Note 9 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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Total OPEB Liability</u></b>						
Total OPEB liability - beginning	\$ 11,584,869	\$ 13,110,790	\$ 14,337,007	\$ 12,987,304	\$ 10,420,673	\$ 10,453,685
Changes for the year:						
Service Cost	423,281	529,745	533,275	417,321	404,542	404,542
Interest	407,122	288,920	316,737	445,520	380,324	377,144
Benefit Payments	(758,720)	(1,069,535)	(1,052,887)	(933,643)	(961,968)	(814,698)
Changes in Benefit Terms	-	-	-	-	53,496	-
Differences between expected and actual experience	1,337,530	-	(10,234)	-	2,743,468	-
Changes of assumptions or other input	(1,536,393)	(1,275,051)	(1,013,108)	1,420,505	(53,231)	-
Net Changes	<u>(127,180)</u>	<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>\$ 11,457,689</u>	<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	\$ 22,857,244	\$ 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	50%	44.84%	50.75%	56.19%	50.90%	41.29%

See Note 10 and Notes to Required Supplementary Information

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**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, 2023:

<b>Fund - Function</b>	<b>Excess Expenditures</b>
<b>General Fund</b>	
Physical instruction	\$ 224
Other instruction	\$ 134,184
Debt service	\$ 79,507
Other non-program services	\$ 28,299
<b>Special Education Fund</b>	
Instructional support services	\$ 64,104
General administrative services	\$ 11,531
Business administrative services	\$ 70,762
Central services	\$ 1,777
Insurance and judgements	\$ 5,000
Debt service	\$ 9,360
General tuition payments	\$ 6,408

**Note 2 – Supplemental Pension Data**

The supplemental pension was not included in the actuarial study due to the circumstances described in Note 9 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 current 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.*

For year ending June 30, 2022:

- The discount rate was changed from 2.25% to 3.50%.
- The inflation rate was changed from 2.00% to 2.50%.

See Note 10 and Notes to Required Supplementary Information

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**Note 3 – Other Post Employment Benefit Plan (continued)**

*Changes of assumptions (continued)*

For year ending June 30, 2023:

- The health care trend rates, dental trend rate, vision trend rates, aging factors, mortality tables, salary increase rates, retirement rates, and withdrawal rates were updated.
- The inflation rate was changed from 3.00% to 2.50%.
- The discount rate was changed from 3.50% to 3.90%.

**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 EFT 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

See Note 10 and Notes to Required Supplementary Information

**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
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%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	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%	1.9%	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 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.
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 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%).

\*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.

See Note 10 and Notes to Required Supplementary Information



**SCHOOL DISTRICT OF NEW BERLIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Valuation Date:	December 31, 2015	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	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	5.5%	5.5%	5.5%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.2%	7.2%	7.2%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.2%	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%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	2.1%	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 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 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 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 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.

See Note 10 and Notes to Required Supplementary Information

**SUPPLEMENTAL FINANCIAL INFORMATION**

**SCHOOL DISTRICT OF NEW BERLIN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2023**

	<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>
<b>ASSETS</b>						
Cash and investments	\$ 1,371,523	\$ 1,966,547	\$ 1,716,776	\$ 1,179,570	\$ (16,479)	\$ 6,217,937
Accounts receivable	-	734	8,184	41,475	-	50,393
Due from other governments	-	-	-	-	18,947	18,947
<b>Total Assets</b>	<u>\$ 1,371,523</u>	<u>\$ 1,967,281</u>	<u>\$ 1,724,960</u>	<u>\$ 1,221,045</u>	<u>\$ 2,468</u>	<u>\$ 6,287,277</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable	\$ 45,615	\$ 80,449	\$ 1,370	\$ 895	\$ 2,468	\$ 130,797
Accrued salaries and wages	1,641	-	-	793	-	2,434
Unearned revenue	-	-	68,054	-	-	68,054
<b>Total Liabilities</b>	<u>47,256</u>	<u>80,449</u>	<u>69,424</u>	<u>1,688</u>	<u>2,468</u>	<u>201,285</u>
<b>Fund Balances</b>						
Restricted	<u>1,324,267</u>	<u>1,886,832</u>	<u>1,655,536</u>	<u>1,219,357</u>	<u>-</u>	<u>6,085,992</u>
<b>Total Fund Balances</b>	<u>1,324,267</u>	<u>1,886,832</u>	<u>1,655,536</u>	<u>1,219,357</u>	<u>-</u>	<u>6,085,992</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,371,523</u>	<u>\$ 1,967,281</u>	<u>\$ 1,724,960</u>	<u>\$ 1,221,045</u>	<u>\$ 2,468</u>	<u>\$ 6,287,277</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>
<b>REVENUES</b>						
Local property taxes	\$ -	\$ 2,371,626	\$ -	\$ 600,000	\$ -	\$ 2,971,626
Other local sources	1,061,438	46,862	1,287,819	270,966	-	2,667,085
Interdistrict	-	-	-	-	53,144	53,144
State	-	-	21,097	-	-	21,097
Federal	-	-	671,276	-	-	671,276
Other revenue	1,882	150	-	-	-	2,032
<b>Total Revenues</b>	<u>1,063,320</u>	<u>2,418,638</u>	<u>1,980,192</u>	<u>870,966</u>	<u>53,144</u>	<u>6,386,260</u>
<b>EXPENDITURES</b>						
<b>Instruction</b>						
Regular	160,800	-	-	-	3,192	163,992
Vocational	14,814	-	-	-	-	14,814
Other	596,716	-	-	-	-	596,716
<b>Total Instruction</b>	<u>772,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,192</u>	<u>775,522</u>
<b>Support Services</b>						
Pupil Services	7,249	-	-	-	-	7,249
Instructional support	42,928	-	-	-	-	42,928
General administrative services	4,944	-	-	97,611	-	102,555
Building administrative services	5,274	-	-	-	-	5,274
Business administrative services	157,036	1,526,455	1,923,051	262,034	-	3,868,576
Central services	-	-	6,788	48,461	-	55,249
Other support services	-	-	21,437	-	-	21,437
Community services	-	-	-	546,049	-	546,049
<b>Total Support Services</b>	<u>217,431</u>	<u>1,526,455</u>	<u>1,951,276</u>	<u>954,155</u>	<u>-</u>	<u>4,649,317</u>
<b>Non-Program</b>						
Other non-program services	12,750	-	-	-	49,952	62,702
<b>Total Non-Program</b>	<u>12,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,952</u>	<u>62,702</u>
<b>Total Expenditures</b>	<u>1,002,511</u>	<u>1,526,455</u>	<u>1,951,276</u>	<u>954,155</u>	<u>53,144</u>	<u>5,487,541</u>
Excess of revenues over expenditures	<u>60,809</u>	<u>892,183</u>	<u>28,916</u>	<u>(83,189)</u>	<u>-</u>	<u>898,719</u>
<b>OTHER FINANCING SOURCES</b>						
Transfers (to) from other fund	-	-	3,255	-	-	3,255
<b>Net Change in Fund Balances</b>	60,809	892,183	32,171	(83,189)	-	901,974
Fund Balances, beginning of year as restated	<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>
<b>FUND BALANCES, end of year</b>	<u>\$ 1,324,267</u>	<u>\$ 1,886,832</u>	<u>\$ 1,655,536</u>	<u>\$ 1,219,357</u>	<u>\$ -</u>	<u>\$ 6,085,992</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, 2023

Awarding Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Program or Award Amount	Accrued Receivable 7/1/2022	Expenditures Grantor	Revenues Grantor Reimbursements	Accrued Receivable 6/30/2023
<b>U.S. DEPARTMENT OF EDUCATION</b>							
State of Wisconsin							
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>							
<b>Title I Programs</b>							
<u>IASA Title I - Public</u>	84.010	2023-673925-DPI-TI-A-141					
July 1, 2021 to June 30, 2022			\$ 117,416	\$ 10,917	\$ -	\$ 10,917	\$ -
July 1, 2022 to June 30, 2023			\$ 97,621	-	97,731	69,742	27,989
<u>IASA Title I- Private</u>	84.010	2023-673925-DPI-TI-A-141					
July 1, 2021 to June 30, 2022			\$ 15,661	2,422	-	2,422	-
July 1, 2022 to June 30, 2023			\$ 10,525	-	8,747	1,598	7,149
Milwaukee Public Schools							
<u>IASA Title I</u>	84.010	N/A					
July 1, 2022 to June 30, 2023			\$ -	-	32,940	32,940	-
Mukwonago School District							
<u>IASA Title I</u>	84.010	N/A					
July 1, 2022 to June 30, 2023			\$ -	-	419	419	-
Muskego-Norway School District							
<u>IASA Title I</u>	84.010	N/A					
July 1, 2022 to June 30, 2023			\$ -	-	441	441	-
Sussex Hamilton School District							
<u>IASA Title I</u>	84.010	N/A					
July 1, 2022 to June 30, 2023			\$ -	-	1,802	1,802	-
Waukesha School District							
<u>IASA Title I</u>	84.010	N/A					
July 1, 2022 to June 30, 2023			\$ -	-	6,659	6,659	-
West Allis - West Milwaukee School District							
<u>IASA Title I</u>	84.010	N/A					
July 1, 2022 to June 30, 2023			\$ -	-	10,883	10,883	-
<b>Total Title I programs</b>				<u>13,339</u>	<u>159,622</u>	<u>137,823</u>	<u>35,138</u>
<b>Education Stabilization Fund</b>							
<u>Elementary and Secondary School Emergency Relief Fund II</u>	84.425D	2022-673925-DPI-ESSERFII-163					
March 10, 2020 to September 30, 2024			\$ 1,297,998	-	1,297,998	1,297,998	-
<u>Elementary and Secondary School Emergency Relief Fund III</u>	84.425U	2022-673925-DPI-ESSERFIII-165					
March 10, 2020 to September 30, 2024			\$ 1,826,196	-	1,826,196	1,826,196	-
<u>LETRS Reimbursement</u>	84.425U	2023-673925-DPI-LETRS-165					
July 1, 2022 to June 30, 2023			\$ 4,000	-	3,486	3,486	-
<u>ARP HOMELESS YOUTH</u>	84.425W	2022-673925-DPI-ARPHCYII-173					
July 1, 2022 to June 30, 2023			\$ 2,066	-	2,066	-	2,066
<b>Total Education Stabilization Fund</b>				<u>-</u>	<u>3,129,746</u>	<u>3,127,680</u>	<u>2,066</u>
<u>Title III A</u>	84.031	2023-673925-DPI-TIIIA-391					
July 1, 2022 to June 30, 2023			\$ 9,399	-	9,399	-	9,399
<b>Career Education Programs</b>							
<u>Carl Perkins Grant</u>	84.048	2023-673925-DPI-CTE-400					
July 1, 2022 to June 30, 2023			\$ 14,483	-	14,348	1,161	13,187
<u>WCTC Youth Apprentice</u>	84.048	-					
July 1, 2021 to June 30, 2022			\$ 24,281	24,281	-	24,281	-
July 1, 2022 to June 30, 2023			\$ 24,763	-	24,763	24,763	-
<u>WCTC Career Prep Tech Support</u>	84.048	-					
July 1, 2022 to June 30, 2023			\$ 1,528	-	1,528	1,528	-
<b>Total Career Education Programs</b>				<u>24,281</u>	<u>40,639</u>	<u>51,733</u>	<u>13,187</u>
<b>Special Education Cluster</b>							
<u>IDEA Flow Through</u>	84.027	2023-673925-DPI-FLOW-341					
July 1, 2021 to June 30, 2022			\$ 831,918	154,678	-	154,678	-
July 1, 2022 to June 30, 2023			\$ 1,085,044	-	949,632	669,902	279,730
<u>IDEA CEIS</u>	84.027	2023-673925-DPI-FLOW-341					
July 1, 2021 to June 30, 2022			\$ 140,088	16,229	-	16,229	-
July 1, 2022 to June 30, 2023			\$ 169,437	-	246,426	106,027	140,399
<u>IDEA - Title 1 Schoolwide</u>	84.027	2023-673925-DPI-FLOW-341					
July 1, 2021 to June 30, 2022			\$ 26,075	15,952	-	15,952	-
July 1, 2022 to June 30, 2023			\$ 22,130	-	22,130	-	22,130
<u>IDEA Preschool</u>	84.173	2023-673925-DPI-PRESCH-347					
July 1, 2022 to June 30, 2023			\$ 44,537	11,590	46,664	49,330	8,924
<u>ARPA IDEA Preschool</u>	84.173	2022-673925-DPI-PRESCH-347					
July 1, 2021 to June 30, 2022			\$ -	10,874	-	10,874	-
<b>Total Special Education Cluster</b>				<u>209,323</u>	<u>1,264,852</u>	<u>1,022,992</u>	<u>451,183</u>

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, 2023  
(Continued)

Awarding Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Program of Award Amount	Accrued Receivable 7/1/2022	Expenditures Grantor	Revenues Grantor Reimbursements	Accrued Receivable 6/30/2023
<b>U.S. DEPARTMENT OF EDUCATION</b>							
<b>State of Wisconsin</b>							
<b><u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u></b>							
<u>Quality Teachers &amp; Principles Title II-Public</u> July 1, 2021 to June 30, 2022 July 1, 2022 to June 30, 2023	84.367A	2023-673925-DPI-TIIA-365	\$ 74,541 \$ 45,911	\$ 7,159 -	\$ - 65,778	\$ 7,159 63,727	\$ - 2,051
<u>Quality Teachers &amp; Principles Title II-Private</u> July 1, 2021 to June 30, 2022 July 1, 2022 to June 30, 2023	84.367A	2023-673925-DPI-TIIA-365	\$ 12,143 \$ 10,053	5,470 -	- 11,236	5,470 3,811	- 7,425
<b>Total Title II-A Programs</b>				<u>12,629</u>	<u>77,014</u>	<u>80,167</u>	<u>9,476</u>
<u>Title IV-Public</u> July 1, 2021 to June 30, 2022 July 1, 2022 to June 30, 2023	84.424A	2023-673925-DPI-TIVA-381	\$ 7,847 \$ 7,926	925 -	- 17,649	925 8,646	- 9,003
<u>Title IV-Private</u> July 1, 2021 to June 30, 2022 July 1, 2022 to June 30, 2023	84.424A	2023-673925-DPI-TIVA-381	\$ 2,931 \$ 2,074	2,885 -	- 181	2,885 -	- 181
<b>Total Title IV-A Programs</b>				<u>3,810</u>	<u>17,830</u>	<u>12,456</u>	<u>9,184</u>
<b>Total U.S. Department of Education</b>				<u>263,382</u>	<u>4,699,102</u>	<u>4,432,851</u>	<u>529,633</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
<b><u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u></b>							
<b><u>Child Nutrition Cluster</u></b>							
<u>National School Lunch Program</u> July 1, 2022 to June 30, 2023	10.555	2023-673925-DPI-NSL-547	\$ -	-	540,748	540,748	-
<u>Food Distribution</u> July 1, 2022 to June 30, 2023	10.555	2023-673925-DPI-NSL-547	\$ -	-	130,528	130,528	-
<b>Total Child Nutrition Cluster and U.S. Department of Agriculture</b>				<u>-</u>	<u>671,276</u>	<u>671,276</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
<b><u>WISCONSIN DEPARTMENT OF HEALTH SERVICES</u></b>							
<u>Medicaid Reimbursements</u> July 1, 2021 to June 30, 2022 July 1, 2022 to June 30, 2023	93.778	44210200	\$ - \$ -	5,070 -	- 319,913	5,070 292,226	- 27,687
<u>Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response</u> July 1, 2022 to June 30, 2023	93.354	-	\$ -	-	75	-	75
<b>Total U.S. Department of Health and Human Services</b>				<u>5,070</u>	<u>319,988</u>	<u>297,296</u>	<u>27,762</u>
<b>Total Federal Awards</b>				<u>\$ 268,452</u>	<u>\$ 5,690,366</u>	<u>\$ 5,401,423</u>	<u>\$ 557,395</u>

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, 2023

<u>Awarding Agency/Pass-Through Agency/Award Description</u>	<u>State ID Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Accrued Receivable 7/1/2022</u>	<u>Revenue/ Expenditures</u>	<u>Reimbursements</u>	<u>Accrued Receivable 6/30/2023</u>
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>						
<b>Entitlement Programs</b>						
<b>Major Programs</b>						
<b>General Aids Cluster</b>						
Equalization Aid	255.201	673925-116	\$ -	\$ 6,854,202	\$ 6,854,202	\$ -
General Equal Special Adjustment	255.203	673925-118	-	2,478,689	2,478,689	-
Integration Aid - Non-resident	255.204	673925-106	-	6,698	6,698	-
<b>Total General Aids Cluster</b>			-	9,339,589	9,339,589	-
Handicapped Pupils and School Age Parents	255.101	673925-100	-	2,255,524	2,255,524	-
Handicapped Pupils and School Aged Parents - CESA	255.101	-	-	9,787	-	9,787
Common School Library Fund	255.103	673925-104	-	250,200	250,200	-
Pupil transportation aid	255.107	673925-102	-	90,627	90,627	-
<b>Total Major Programs</b>			-	11,945,727	11,935,940	9,787
<b>Nonmajor Programs</b>						
Per pupil adjustment aid	255.945	673925-113	-	3,196,536	3,196,536	-
State school lunch aid	255.102	673925-107	-	19,962	19,962	-
High Cost Special Ed State Aid	255.210	673925-119	-	159,725	159,725	-
Aid for School Mental Health Programs	255.227	673925-176	22,219	123,454	145,673	-
School Based Mental Health Services Grant	255.297	673925-177	66,132	79,126	66,132	79,126
School Breakfast Aid	255.344	673925-108	-	1,135	1,135	-
Early College Credit Program	255.445	673925-178	-	7,329	7,329	-
Educator effectiveness - Teachscape	255.940	673925-154	-	23,680	23,680	-
Career & Technical Incentive Grant	255.950	673925-152	59,919	42,326	102,245	-
Assessments of Reading Readiness	255.956	673925-166	-	6,600	6,600	-
Robotics League	255.959	673925-167	3,927	3,679	7,606	-
Special Education Transition Grant	255.960	673925-168	-	16,242	16,242	-
<b>Total Nonmajor Programs</b>			152,197	3,679,794	3,752,865	79,126
<b>Total Wisconsin Department of Public Instruction</b>			152,197	15,625,521	15,688,805	88,913
<b>WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT</b>						
Fast Forward Manufacturing	-	-	12,833	-	12,833	-
<b>Total Wisconsin Department of Workforce Development</b>			12,833	-	12,833	-
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>						
Safety Grant	-	-	32,874	21,869	46,274	8,469
<b>Total Wisconsin Department of Justice</b>			32,874	21,869	46,274	8,469
<b>Other</b>						
Dual Enrollment Credential Grant	-	-	-	2,566	-	2,566
<b>Total Other</b>			-	2,566	-	2,566
<b>Total</b>			<b>\$ 197,904</b>	<b>\$ 15,649,956</b>	<b>\$ 15,747,912</b>	<b>\$ 99,948</b>

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, 2023**

**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 \$7,936,937 for the year ended June 30, 2023.

**Note 5 - Reconciliation of the Schedule of Expenditures of Federal Awards to the Financial Statements**

A reconciliation of the amounts presented in the financial statements to the schedule of expenditures of federal awards is as follows:

Federal sources included in financial statements	\$ 6,051,518
Less: aid not subject to single audit requirements	
Back to school aid	(398,326)
Get kids ahead grant	(68,150)
Add: transit of federal aid	105,324
Total included on the schedule of expenditures of federal awards	\$ 5,690,366

**SCHOOL DISTRICT OF NEW BERLIN**  
**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE AWARDS**  
**June 30, 2023**

**Note 6 – Reconciliation of the Schedule of Expenditures of State Awards to the Financial Statements**

A reconciliation of the amounts presented in the financial statements to the schedule of expenditures of state awards is as follows:

State sources included in financial statements	\$ 16,765,288
Less: aid not subject to single audit requirements	
Personal property tax aid	(797,727)
Exempt computer aid	(327,392)
Add: transit of state aid	<u>9,787</u>
 Total included on the schedule of expenditures of state awards	 <u><u>\$ 15,649,956</u></u>



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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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 13, 2023.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 2023-001** 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.

## **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

A handwritten signature in cursive script that reads "Schumacher Sama, LLP".

Wauwatosa, Wisconsin  
December 13, 2023



10400 W. Innovation Dr. Ste 301  
Wauwatosa, WI 53226  
Phone: 414-327-2320  
Fax: 414-546-7547

**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**

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

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, 2023. 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, 2023. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of District's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to 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**

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

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

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

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

SCHUMACHER SAMA, LLP

*Schumacher Sama, LLP*

Wauwatosa, Wisconsin

December 13, 2023

**SCHOOL DISTRICT OF NEW BERLIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

**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?	___ yes	<u> X </u> no
Significant deficiency(s) identified not considered to be material weaknesses?	<u> X </u> yes	___ no
Noncompliance material to financial statements noted?	___ yes	<u> X </u> no

**Federal Awards**

Internal control over major programs		
Material weakness(es) identified?	___ yes	<u> X </u> no
Significant deficiency(s) identified not considered to be material weaknesses?	___ yes	<u> X </u> 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	<u> X </u> no

Identification of major programs

**CFDA NUMBER(S)**

84.425

**Name of Federal Program or Cluster**

Elementary and Secondary School Emergency Relief

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

Auditee qualified as low-risk auditee?       X  yes      \_\_\_ no

**State Awards**

Internal control over major programs		
Material weakness(es) identified?	___ yes	<u> X </u> no
Significant deficiency(s) identified not considered to be material weaknesses?	___ yes	<u> X </u> no
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	<u> X </u> no



**SCHOOL DISTRICT OF NEW BERLIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

**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
255.107	Pupil transportation aid
255.103	Common School Fund

**Section II: Financial Statement Findings**

**Finding 2023-001:**

*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.

**Section III- Federal and State Awards Findings and Questioned Cost**

There were no findings related to federal and state awards.

**SCHOOL DISTRICT OF NEW BERLIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

**Section IV: 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 13, 2023

**SCHOOL DISTRICT OF NEW BERLIN  
CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2023**

**Finding 2023-001 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.

Contact Person: Patrick Miller | 262-789-6211

**SCHOOL DISTRICT OF NEW BERLIN  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2023**

**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.

*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

**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.

*State of Finding:* Resolved

**SCHOOL DISTRICT OF NEW BERLIN  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2023**

**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.

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

*Cause* - The District was unaware that they needed to keep track of students either through district or bus company.

*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.

**State of Finding:** Resolved