

SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2023

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

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NEW LONDON, WISCONSIN**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District of New London (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of School District of New London, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- 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 on pages 4-12 and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying nonmajor governmental funds, nonmajor special revenue funds, and general fund combining schedules and schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines*, 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


ERICKSON & ASSOCIATES, S.C.
Appleton, Wisconsin
January 25, 2024

SCHOOL DISTRICT OF NEW LONDON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

The discussion and analysis of the School District of New London's financial performance provides an overall review of the financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole.

FINANCIAL HIGHLIGHTS

DECREASED NET POSITION - The District's overall financial status, as reflected in total net position, decreased by \$2,293,265 or 8.8% to \$23.9M.

INCREASED REVENUE - Revenue increased by \$27,936 or 0.1% from \$34.86M to \$34.89M.

INCREASED EXPENSE - Expenses increased by \$4.4M or 13.5% from \$32.76M to \$37.18M.

INCREASED GENERAL FUND BALANCE - The General (Operating) Fund balance increased by \$5,331 to \$4.02M. The general fund balance is 12.49% of revenue. The District continues to work towards a fund balance in the general fund that avoids short-term borrowing and improves bond ratings.

SCHOOL DISTRICT OF NEW LONDON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts - management's discussion and analysis and the basic financial statements, including notes to the financial statements and supplementary information.

The basic financial statements consist of two kinds of statements that present different views of the District's financial activities.

District-wide Statements

- The *Statement of Net Position* compares assets and deferred outflows of resources to liabilities and deferred inflows of resources to give an overall view of the financial health of the District. This statement includes fixed assets and long-term liabilities.
- 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 revenues and extraordinary credits are identified. The result is total net expense which is offset by general and miscellaneous revenue - recognizing the change in net position for the District from the previous year.

Fund Financial Statements

- The *Balance Sheet - Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds* focus on individual parts of the District. Fund financial statements generally report operations in more detail than the district-wide statements.

The *Notes to Financial Statements* provide further explanation of some of the information in the statements and provide additional disclosures 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.

Other Supplementary Information provides information specific to nonmajor governmental funds and the schedules of expenditures of federal and state awards.

SCHOOL DISTRICT OF NEW LONDON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

The major features of the District's financial statements, including the scope of the activities reported and type of information contained, are shown in the following table. (Table #1)

Table #1

		-----Fund Financial Statements-----		
	District-wide Statements	Governmental	Proprietary	Fiduciary
Scope	Entire District (except fiduciary funds).	The activity of the District that is not proprietary or fiduciary, such as instructional, support services, and community services.	Activities the District operates similar to private business. <u>The District does not report any fund for this designation.</u>	Assets held by the District on behalf of someone else. <u>The employee benefit trust fund is reported here.</u>
Required financial statements	Statement of net position and statement of activities.	Balance sheet and statement of revenues, expenditures, and changes in fund balance.	Statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows.	Statement of fiduciary net position and statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term.	All assets and liabilities, financial and capital, short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is 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 or paid.

SCHOOL DISTRICT OF NEW LONDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

Table #2

Condensed Statement of Net Position			
	<u>2023</u>	<u>2022</u>	<u>% Change</u>
<u>Assets</u>			
Current Assets	\$ 8,914,238	\$ 12,425,436	(28.3%)
Noncurrent Assets	416,560	7,011,319	(94.1%)
Capital Assets	15,109,517	15,771,037	(4.2%)
Total Assets	24,440,315	35,207,792	(30.6%)
Deferred Outflows	15,436,398	13,812,511	11.8%
<u>Liabilities</u>			
Current Liabilities	2,733,985	4,777,049	(42.9%)
Noncurrent Liabilities	4,385,942	679,216	545.7%
Total Liabilities	7,119,927	5,456,265	30.4%
Deferred Inflows	8,861,731	17,370,292	(49.0%)
<u>Net Position</u>			
Invested in Capital, Net of Related Debt	14,668,664	14,206,557	3.3%
Restricted	2,475,703	4,710,811	(47.4%)
Unrestricted	6,756,114	7,276,378	(7.2%)
Total Net Position	\$ 23,900,481	\$ 26,193,746	(8.8%)

Statement of Net Position: (Table #2)

The District's overall financial status, as reflected in total net position, decreased by \$2,293,265 to \$23.9M. The District reported total assets of \$24.4M, of which \$15.1M are capital assets and \$416,560 are noncurrent assets. The District reported \$15.44M of deferred outflows relating to the District's OPEB and its proportionate share of the WRS retirement liability. The District reported total liabilities of \$7.1M, of which \$4.4M are long-term liabilities, and deferred inflows of \$8.86M relating to the District's OPEB and its proportionate share of the WRS retirement liability.

SCHOOL DISTRICT OF NEW LONDON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

Table #3

Changes in Net Position from Operating Results For Governmental Activities					
	<u>Actual 2022-23</u>	<u>%</u>	<u>Actual 2021-22</u>	<u>%</u>	<u>% Change</u>
Revenues:					
Program:					
Charges for Services	\$ 2,270,471	7%	\$ 2,357,162	7%	(3.7%)
Operating Grants & Cont.	5,500,829	16%	5,225,084	15%	5.3%
General:					
Property Taxes	7,939,850	23%	8,863,276	25%	(10.4%)
General State Aids	18,710,632	53%	18,149,501	52%	3.1%
Other	463,180	1%	262,003	1%	76.8%
Total Revenues	<u>34,884,962</u>	<u>100%</u>	<u>34,857,026</u>	<u>100%</u>	<u>0.1%</u>
Expenses:					
Instruction	16,603,842	46%	14,659,356	45%	13.3%
Support Services and Nonprogram	17,231,256	46%	15,335,449	47%	12.4%
Food Service	1,865,034	5%	1,348,093	4%	38.3%
Community Service	152,606	0%	141,848	0%	7.6%
Interest and Fiscal Charges	30,197	0%	13,477	0%	164.3%
Unallocated Depreciation	1,295,292	3%	1,256,810	4%	3.1%
Total Expenses	<u>37,178,227</u>	<u>100%</u>	<u>32,755,033</u>	<u>100%</u>	<u>13.5%</u>
Change in Net Position	<u>\$ (2,293,265)</u>		<u>\$ 2,101,993</u>		<u>(209.4%)</u>

SCHOOL DISTRICT OF NEW LONDON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

Revenue (Table #3)

For FY21-22, the District received \$34.9M in revenue. This is a increase of 0.1% from the previous year. District revenue is based upon "Revenue Limits" and "Equalization Aid". For FY22-23, 76% of revenue comes from local school property taxes and general state aids. These are determined through state statutes that are applied to a formula for all school districts in Wisconsin. This formula determines the amount of state aid and the non-referendum property tax levy a district can utilize in the budget.

Expenses (Table #3)

For FY22-23, the District expenditures totaled \$37.2M. This is an increase of 13.5% from the previous year.

Table #4

Net Cost of Governmental Activities			
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2023</u>	
Instruction	\$ 16,603,842	\$ 12,107,623	
Support Services and Nonprogram	17,231,256	15,270,193	
Food Service	1,865,034	593,612	
Community Service	152,606	110,010	
Interest and Fiscal Charges	30,197	30,197	
Unallocated Depreciation	<u>1,295,292</u>	<u>1,295,292</u>	
Totals	\$ 37,178,227	\$ 29,406,927	

Net Cost of Governmental Activities (Table #4)

The net cost of governmental activities was \$29.4M. This includes expenditures financed by general revenues primarily made up of property taxes, equalization aid and interest income.

The total cost of all governmental activities was \$37.2M. This includes expenditures financed by general revenue plus revenue collected through direct fees, \$2.3M, and operating grants and contributions, \$5.5M, associated with specific programs.

SCHOOL DISTRICT OF NEW LONDON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

Fund Balance

The District's total fund balance for FY22-23 decreased by \$2.21 to \$6.57M.

The general fund balance increased by \$5,331 to \$4.03M. This represents 12.7% of expenditures. The District continues to take steps to increase fund balance to allow the District to respond to non-recurring economic needs and emergencies. The Board is also committed to the Board's policy to reduce the need to cash flow borrow during the fiscal year. The Board also assigns fund balance to future expenditures with annual action.

The long-term capital improvement fund balance decreased by \$1.5M to \$1.1M. The decrease is due to the Board approving project expenditures at Sugar Bush Elementary School and New London Intermediate / Middle School.

The special revenue trust fund balance decreased by \$26,654 to \$1.0M. It is restricted for scholarship and student activity funds.

The special revenue funds balance decreased by \$668,393 to \$393,850. It consisted of the food service and community service funds. The fund balances in these funds support the operations of the funds.

General Fund Budgetary Comparison

The District adopts an interim budget in September for the subsequent year. Consistent with current state statutes and regulations, an original budget was adopted in October at the Annual Budget Hearing to reflect the actual revenue cap and state aid certification. The budget was amended during fiscal year 2022-2023. Actual revenue was 0.48% over the final budget of \$30,057,745. Actual expenditures were 12.14% under the final budget of \$30,057,745.

Capital Asset and Debt Administration

Capital Assets

The District added \$633,772 in capital assets in FY22-23 and disposed of \$787,655 in assets. Accumulated depreciation increased by a net amount of \$1.29M. As a result, net capital assets decreased from \$15.78M to \$15.11M.

Long-term Debt

Long-term obligations increased by a net of \$2.96M to \$4.77M. Long-term obligations include \$340,000 in general obligation debt, \$100,853 in leases, and \$4.32M in net pension liability, 4.11M in relation to the WRS and 213,817 in relation to the supplemental pension.

SCHOOL DISTRICT OF NEW LONDON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

The District's most recent bond rating was A2. Our current debt limit is \$142.63M, leaving the District the ability to borrow an additional \$142.29M (margin of indebtedness). General obligation debt of the District is secured by an irrevocable tax levy adopted by the Board of Education at the time of issuance. Wisconsin state statutes requires that the first property tax receipts be segregated for use for annual debt service payments. The School District of New London complies with all statutory requirements.

Factors that may Impact the Future of the District

The revenue limit is a state imposed revenue cap that limits what school districts are allowed to spend per pupil. State law does not allow school districts to increase spending on the revenue limit unless approved via a referendum.

Every student (1.0 FTE) generates \$10,000 in revenue authority in the District. FTE stands for full time equivalent student. The state average for base revenue limit per pupil is approximately \$10,900 per pupil. The difference in the gap between New London and the state average is related to where the District started in 1992-93 when revenue limits began.

This funding gap narrowed in the 2020-21 budget as the state allowed more flexibility for low revenue limit school districts by increasing the low revenue minimum to \$10,000 per FTE. This was a positive development for the future sustainability of the District but the State of Wisconsin froze revenue limits for the 2021-2023 fiscal years. This freeze will create challenges in future budgets because of flat revenues and inflation.

The state implemented a categorical aid in 2014-15 and continues to provide additional support for school districts. In 2022-23, this aid provided \$742 per FTE in additional spending. This amounted to \$1,662,080 of funding for the District. This has been an important addition to our budget to provide services for students. The State of Wisconsin also froze per pupil aid increase. The District's membership FTE declined; thus this categorical aid did as well.

The state continues to invest in equalization aid which offsets the tax levy but does not create additional revenue generating authority. The additional aid continues to benefit tax payers as the District's mill rate continues to decline.

The District also carefully analyzes the private school voucher program. There are equalization aid, revenue limit and property tax implications with this program. This program continues to expand and does impact the levy and mill rate for New London taxpayers.

SCHOOL DISTRICT OF NEW LONDON

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

Local Referendum Support

On November 6, 2018, voters in the community passed a referendum in the amount of \$13,000,000 that will increase the District's revenue limit spending by \$1,300,000 annually until 2027. This will provide the District funding for much needed updates to the internal systems of the District's building and reduce deferred maintenance obligations.

During the past fiscal year, over \$3.5 million dollars in maintenance obligations were met through various projects throughout the District. The primary work included was for updates to the Intermediate / Middle School and Sugar Bush Elementary School. Operating expenditures and debt service related to this project were a part of these expenditures.

The Board also has an established Capital Projects Fund - Fund 46 to pay for future Long-term Capital Improvements. The balance in the fund at the end of FY 2022-23 is \$1,133,306. Funds can be used beginning in 2021 for maintenance projects as well to reduce deferred maintenance.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, creditors and stakeholders with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Joseph Marquardt, Director of Business Services, School District of New London, 901 West Washington Street, New London, WI 54961.

BASIC FINANCIAL STATEMENTS

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**STATEMENT OF NET POSITION
June 30, 2023**

ASSETS

Current assets:

Cash and investments	\$ 6,661,880
Taxes receivable	1,772,183
Accounts receivable	48,080
Due from other governments	413,223
Prepaid expenses	910
Inventories	<u>17,962</u>
Total current assets	<u>8,914,238</u>

Noncurrent assets:

Net OPEB assets	416,560
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Capital assets:

Buildings, net	11,792,390
Equipment, net	1,550,458
Land improvements, net	43,796
Right of use asset, net	99,626
Land	<u>1,623,247</u>
Total capital assets	<u>15,109,517</u>

Total assets	<u>24,440,315</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to WRS pension	15,347,802
Deferred outflows related to OPEB	<u>88,596</u>

Total deferred outflows of resources	<u>15,436,398</u>
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LIABILITIES**Current liabilities:**

Current portion of lease liability	39,240
Current portion of bonds and notes payable	340,000
Accounts payable	160,289
Accrued salaries and wages	1,407,002
Accrued payroll taxes and withholdings	751,025
Accrued interest payable	2,295
Food service deposits	28,708
Total current liabilities	<u>2,728,559</u>

Long-term liabilities:

Net pension liability - supplemental pension	213,817
Net pension liability - WRS	4,110,512
Capital leases	61,613
Total long-term liabilities	<u>4,385,942</u>

Total liabilities	<u>7,114,501</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to WRS pension	8,606,549
Deferred inflows related to OPEB	255,182
Total deferred inflows of resources	<u>8,861,731</u>

NET POSITION

Invested in capital assets, net of related debt	14,668,664
Restricted	2,475,703
Unrestricted	6,756,114
Total net position	<u>\$ 23,900,481</u>

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Instruction:				
Undifferentiated curriculum	\$ 5,452,563	\$ 551,809	\$ 753,566	\$ (4,147,188)
Regular curriculum	5,152,275	551,808	703,948	(3,896,519)
Special curriculum	3,854,811	--	1,733,936	(2,120,875)
Other instruction	2,144,193	41,704	159,448	(1,943,041)
Total instruction	16,603,842	1,145,321	3,350,898	(12,107,623)
Support services & nonprogram:				
Pupil services	1,720,251	--	271,757	(1,448,494)
Instructional staff services	1,727,914	--	604,839	(1,123,075)
General administration	507,061	--	--	(507,061)
School building administration	1,886,945	--	--	(1,886,945)
Business administration	7,676,358	455,784	168,408	(7,052,166)
Other support services	136,690	129,462	15,328	8,100
Nonprogram	3,576,037	--	315,485	(3,260,552)
Total support services & nonprogram	17,231,256	585,246	1,375,817	(15,270,193)
Food service	1,865,034	497,308	774,114	(593,612)
Community service	152,606	42,596	--	(110,010)
Interest and fiscal charges	30,197	--	--	(30,197)
Unallocated depreciation	1,295,292	--	--	(1,295,292)
Totals	\$ 37,178,227	\$ 2,270,471	\$ 5,500,829	(29,406,927)
General revenues:				
General state aids				
Property taxes levied for:				
General purposes				
Debt service				
Community service				
Interest and investment income				
Miscellaneous				
Total general revenues				
Change in net position				
Net position, beginning of year				
Net position, end of year				
\$ 23,900,481				

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

June 30, 2023

	General Fund	Long-term Capital Improvement Fund	Special Revenue Trust Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 4,345,438	\$ 888,306	\$ 1,014,911	\$ 413,225	\$ 6,661,880
Taxes receivable	1,772,183	--	--	--	1,772,183
Accounts receivable	47,985	--	--	95	48,080
Due from other funds	--	245,000	--	--	245,000
Prepaid expenses	910	--	--	--	910
Due from other governments	413,223	--	--	--	413,223
Inventories	--	--	--	17,962	17,962
Total assets	\$ 6,579,739	\$ 1,133,306	\$ 1,014,911	\$ 431,282	\$ 9,159,238
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 154,208	\$ --	\$ --	\$ 6,081	\$ 160,289
Accrued salaries and wages	1,406,042	--	--	960	1,407,002
Accrued payroll taxes and withholdings	749,342	--	--	1,683	751,025
Food service deposits	--	--	--	28,708	28,708
Due to other funds	245,000	--	--	--	245,000
Total liabilities	2,554,592	--	--	37,432	2,592,024
Fund balances:					
Nonspendable	--	--	--	17,962	17,962
Spendable:					
Restricted	--	1,133,306	1,014,911	309,524	2,457,741
Assigned	4,025,147	--	--	66,364	4,091,511
Total fund balances	4,025,147	1,133,306	1,014,911	393,850	6,567,214
Total liabilities and fund balances	\$ 6,579,739	\$ 1,133,306	\$ 1,014,911	\$ 431,282	\$ 9,159,238

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

June 30, 2023

Total fund balances for governmental funds		\$ 6,567,214
Total net position reported for governmental activities in the statement of net position is different because:		
Noncurrent assets are not available to pay for current period expenditures, and therefore, are not reported in the funds.		
		416,560
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The capital assets consisted of:		
Buildings, net of \$18,002,178 accumulated depreciation	11,792,390	
Equipment, net of \$3,681,598 accumulated depreciation	1,550,458	
Land improvements, net of \$312,384 accumulated depreciation	43,796	
Right of use asset, net of \$73,530 accumulated amortization	99,626	
Land	<u>1,623,247</u>	
Total capital assets		15,109,517
Deferred outflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.		
		15,436,398
Deferred inflows of resources related to pensions and other post employment benefits are applicable to future periods and, therefore, are not reported in the funds.		
		(8,861,731)
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds balance sheet.		
		(2,295)
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. Interest is not accrued in governmental funds but, rather, is recognized as expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of June 30, 2023, are:		
. Net pension liability - supplemental pension	(213,817)	
Net pension liability - WRS	(4,110,512)	
Capital lease, includes current portion	(100,853)	
Bonds and notes payable, includes current portion	<u>(340,000)</u>	
Total long-term liabilities		<u>(4,765,182)</u>
Total net position of governmental activities		<u>\$ 23,900,481</u>

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2023

	General Fund	Long-term Capital Improvement Fund	Special Revenue Trust Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Local sources	\$ 7,672,515	\$ 36,681	\$ 140,989	\$ 1,687,913	\$ 9,538,098
Interdistrict sources	1,014,009	--	--	--	1,014,009
Intermediate sources	46,735	--	--	--	46,735
State sources	20,440,310	--	--	22,677	20,462,987
Federal sources	2,669,648	--	--	751,436	3,421,084
Other sources	390,159	--	11,890	--	402,049
Total revenues	<u>32,233,376</u>	<u>36,681</u>	<u>152,879</u>	<u>2,462,026</u>	<u>34,884,962</u>
Expenditures:					
Instruction:					
Undifferentiated curriculum	5,296,938	--	51,861	--	5,348,799
Regular curriculum	5,027,073	--	--	--	5,027,073
Special curriculum	3,762,642	--	--	--	3,762,642
Other instruction	2,093,776	--	3,541	--	2,097,317
Total instruction	<u>16,180,429</u>	<u>--</u>	<u>55,402</u>	<u>--</u>	<u>16,235,831</u>
Support services & nonprogram:					
Pupil services	1,680,018	--	--	--	1,680,018
Instructional staff services	1,687,967	--	8,160	--	1,696,127
General administration	498,916	--	--	--	498,916
School building administration	1,843,735	--	--	--	1,843,735
Business administration	5,647,514	1,979,486	--	--	7,627,000
Debt service	43,367	--	--	1,115,883	1,159,250
Other support services	766,033	--	--	--	766,033
Nonprogram	3,460,066	--	115,971	--	3,576,037
Total support services & nonprogram	<u>15,627,616</u>	<u>1,979,486</u>	<u>124,131</u>	<u>1,115,883</u>	<u>18,847,116</u>
Food service	--	--	--	1,864,196	1,864,196
Community service	--	--	--	150,340	150,340
Total expenditures	<u>31,808,045</u>	<u>1,979,486</u>	<u>179,533</u>	<u>3,130,419</u>	<u>37,097,483</u>
Excess of revenues over (under) expenditures	<u>425,331</u>	<u>(1,942,805)</u>	<u>(26,654)</u>	<u>(668,393)</u>	<u>(2,212,521)</u>
Other financing sources (uses):					
Operating transfers in	--	420,000	--	--	420,000
Operating transfers out	(420,000)	--	--	--	(420,000)
Net other financing sources (uses)	<u>(420,000)</u>	<u>420,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	5,331	(1,522,805)	(26,654)	(668,393)	(2,212,521)
Fund balances, beginning of year	4,019,816	2,656,111	1,041,565	1,062,243	8,779,735
Fund balances, end of year	<u>\$ 4,025,147</u>	<u>\$ 1,133,306</u>	<u>\$ 1,014,911</u>	<u>\$ 393,850</u>	<u>\$ 6,567,214</u>

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Net change in fund balances-governmental funds \$ (2,212,521)

The change in net position reported for governmental activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is capitalized and depreciated over their useful lives. This is the amount by which depreciation exceeds capital outlays in the current period. (661,520)

Governmental funds report district other post employment contributions as expenditures. However, in the statement of activities and changes in net position, the cost of the other post employment benefits earned net of employee contributions is reported as other post employment benefit expense. 97,686

Governmental funds report district WRS pension contributions as expenditures. However, in the statement of activities and changes in net position, the cost of pension benefits earned net of employee contributions is reported as pension expense. (670,508)

Governmental funds report district supplemental pension contributions as expenditures. However, in the statement of activities and changes in net position, the cost of pension benefits earned net of employee contributions is reported as pension expense. 24,545

Accrued interest expense on long-term debt is reported in the district-wide statement of activities and changes in net position but does not require the use of current financial resources. Therefore, accrued interest is not reported as an expenditure in governmental funds. 5,426

Loan proceeds are reported as financing sources in governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position. This is the amount by which repayments exceed proceeds. 1,123,627

Changes in net position of governmental activities \$ (2,293,265)

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS**

June 30, 2023

	<u>Employee Benefit Trust Funds</u>
ASSETS	
Cash and investments - OPEB	\$ 1,483,094
Cash and investments - supplemental pension	1,387,328
Cash and investments - HRA	<u>1,261,283</u>
Total assets	<u>4,131,705</u>
NET POSITION	
Restricted for OPEB	1,483,094
Restricted for supplemental pension	1,387,328
Restricted for HRA	<u>1,261,283</u>
Net position	<u>\$ 4,131,705</u>

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS**

For the Year Ended June 30, 2023

	<u>Employee Benefit Trust Funds</u>
ADDITIONS	
District contributions to HRA	\$ 76,000
Employee contributions to trust - OPEB	--
Net investment income - OPEB	106,342
Net investment income - supplemental pension	104,791
Net investment income - HRA	108,186
Net investment income - other	--
Total additions	<u>395,319</u>
DEDUCTIONS	
Trust fund disbursements - OPEB	21,668
Trust fund disbursements - supplemental pension	86,940
Trust fund disbursements - HRA	41,085
Investment fees - OPEB	5,507
Investment fees - supplemental pension	4,825
Investment fees - HRA	4,989
Total deductions	<u>165,014</u>
Change in net position	230,305
Net position, beginning of year	<u>3,901,400</u>
Net position, end of year	<u>\$ 4,131,705</u>

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies:

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

A. Reporting Entity

The School District New London is a unified school district. The District, governed by a seven member elected school board, operates grades K through 12 and is comprised of all or parts of fifteen taxing districts. The District receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement since it has decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and it is primarily accountable for fiscal matters. In addition, there are no component units, as defined in GASB Statement 61 that are included in the District's reporting entity.

B. Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, as prescribed by the Wisconsin Department of Public Instruction for elementary and secondary school districts, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures as appropriate. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District operates the following major governmental funds:

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

Long-term capital improvement fund - the capital improvement fund is used to account for financial resources to be used for the acquisition or construction of capital facilities. The District may not expend money deposited into the trust fund for a period of five years.

Special revenue trust fund - the special revenue trust fund is used to account for the District scholarship, student activity, and any gifts received by the District.

The District operates the following nonmajor governmental funds:

Special revenue funds - special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specified purposes. The District uses special revenue funds to account for its food service and community service programs.

Debt service fund - the debt service fund is 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 LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

Fiduciary funds - trust funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include employee benefit trust funds. Employee benefit trust funds are set up to put aside monies for future post retirement benefits. These trust funds are irrevocable and can only be dissolved after all the trust assets have been used for their intended purpose. The trust funds are accounted for in essentially the same manner as proprietary funds.

C. Basis of Presentation

District-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between governmental and business-type activities of the District. The District did not have any business-type activities in place at June 30, 2023.

The district-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation between the district-wide statements and the governmental fund statements.

The statement of net position presents the financial condition of the government-type activities of the District at year-end. The statement of activities presents a comparison between the direct expenses and program revenues for each function of the governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, are clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. Their focus is on major funds rather than reported funds by type. Each major governmental fund is presented in a single column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using the modified accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, investment earnings, tuition, grants, and student fees.

Expenditures

Under the accrual basis of accounting, expenditures are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Accounting

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The legally adopted budget and budgetary expenditure control is exercised at the object level in the general fund and at the total expenditures level for all other funds. Reported budget amounts are as originally adopted or as amended by the Board of Education resolution.

F. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts.

All investments are stated at fair value. Determination of fair value for investment in the State Treasurer's investment pool is based on information provided by the State of Wisconsin Investment Board.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

G. Property Taxes

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

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

H. Receivables

Receivables at June 30, 2023, consisted of taxes, accounts, interest, and governmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of federal and state programs.

I. Inventories

Inventories are valued at the lower of cost or the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The District's policy does not allow compensated absences to vest. Unused compensated absences are forfeited upon retirement or termination of employment. No accumulated amount is recorded in the statement of net position.

K. Capital Assets and Depreciation

General capital assets are reported in the district-wide statement of net position, but not in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirement during the year. Donated fixed assets are recorded at their fair value as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$5,000, unless their exclusion as a group would make the financial statements materially misleading. The District does not possess any infrastructure. All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital asset.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

Depreciation is computed using the straight-line method over the following useful lives:

Land	Not depreciated
Buildings	45 years
Equipment	5-7 years
Land improvements	20 years

L. Interfund Activity

Short-term interfund loans are classified as interfund receivables/payables in the fund financial statements. These amounts are eliminated in the statement of net position.

M. Accrued Liabilities and Long-term Debt

All accrued liabilities and long-term debt are reported in the district-wide financial statements.

For governmental fund financial statements, accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

N. Deferred Outflows / Inflows of Resources

The District has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In addition to assets, the statement of net position will 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, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items in this category relating to its other post employment benefit plan and its share of the WRS pension plan.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, will not be recognized as an inflow of resources (revenue) until that time. The District has items in this category relating to its other post-employment benefit plan and its share of the WRS pension plan.

O. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wisconsin Retirement System (WRS) and the District's supplemental pension plan and additions to/deductions from the pension plans' fiduciary net position have been determined on the same basis as they are reported to the District. 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.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

P. Other Post Employment Benefits Plan

For purposes of measuring the net other post employment benefits (OPEB) liability and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/ deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported to the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Fund Equity

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

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

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

Committed fund balance - these amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education (Board) - the District's highest level of decision making authority. The District did not have any committed fund balance as of June 30, 2023.

Assigned fund balance - this classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the Board or by an individual or subordinate high level body to which the board has delegated authority. The Board authorizes the Director of Business Services to assign fund balance to the extent such assignment does not create a negative unassigned fund balance, as follows: 1) An amount sufficient to liquidate open encumbrances that are reasonably expected to result in the subsequent year, and 2) An amount estimated to be sufficient to cover the cost of unsettled labor agreements, if any.

Unassigned fund balance - this fund balance includes any remaining amounts that are not classified as nonspendable, restricted, committed or assigned. The District did not have any unassigned fund balance as of June 30, 2023.

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

The District has set a goal of maintaining an assigned fund balance in the general fund that is adequate to meet cash flow needs during the fiscal year. The purpose of maintaining this fund balance is to reduce the need for short-term borrowing and the costs associated with it, serve as a safeguard against unexpected expenses of the District, and maintain a high credit rating for the District, which will help reduce future borrowing costs.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 1. Summary of Significant Accounting Policies - Continued:

District-Wide Statements

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

Net investment in capital assets - amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.

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

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

R. Estimates

Management used estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Note 2. Cash and Investments:

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

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

The District is required to invest its funds in accordance with Wisconsin Statute 66.0603 (1m). The Board has adopted an investment policy pursuant to these statutes that allows the District to invest in the following:

Time deposits

Securities guaranteed by the U. S. Government

Securities of Wisconsin Municipal Units

Securities of Wisconsin Educational and Local Government Investment Pool

Bonds issued by a local exposition district

Bonds issued by a local professional baseball park district

Bonds issued by a local professional stadium district

Bonds issued by a local cultural arts district

Bonds issued by the University of Wisconsin Hospitals and Clinics Authority

Bonds issued by the Wisconsin Aerospace Authority

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 2. Cash and Investments - Continued:

Securities which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired and received the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, or other similar nationally recognized rating agency

Securities of an open-ended management investment company or investment trust, if the investment company does not charge a sales load, is registered under the investment company act of 1940, and the portfolio is limited to bonds and securities issued by the federal government, bonds that are guaranteed by the federal government, or repurchase securities that are fully collateralized by bonds or securities

Under the 2005 Wisconsin Act 99, school districts are allowed to invest funds held in trust to provide for post employment health care benefits and other post employment benefits provided separately from a defined benefit pension plan in the same manner as authorized for investments under Wisconsin Statute 881.01 "Uniform Prudent Investor Act".

Under Wisconsin Statute 881.01, a trustee who invests and manages assets of the trust must comply with the prudent investor rule set forth in the statute. This rule requires the trustee of an employee benefit trust fund to exercise reasonable care, skill and caution when investing and managing the assets of the trust.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian per ownership category. In addition, the State of Wisconsin has a State Guarantee Fund that provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

The Local Government Investment Pool (LGIP) does not have a credit quality rating and is also not subject to credit risk disclosure because investments are not issued in securities form. It is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The LGIP is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually and carries investments at amortized cost for purposes of calculating income to participants. At June 30, 2023, the fair value of the District's share of the LGIP's assets was substantially equal to the amount as reported in these statements.

In accordance with certain contractual provisions, investment income associated with LGIP is assigned to the corresponding fund in which the assets are held. Participants in LGIP have the right to withdraw their funds in total of one day's notice. The LGIP does not include any involuntary participants.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 2. Cash and Investments - Continued:

A separate financial report for SIF is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Copies of the report can be obtained from <http://www.doa.state.wi.us/Divisions/Budget-and-Finance/LGIP>.

As of June 30, 2023, the carrying amount of the District's deposits was \$4,290,398, and the bank balances were \$5,508,854. Of the bank balance, \$250,000 was covered by FDIC insurance and \$5,330,000 was collateralized by First State Bank of New London. This left \$0 uninsured and uncollateralized.

The District's employee trust fund's investments are held in an irrevocable trust and are registered in the name of the corporate trustee for the benefit of the District. The District's investments are not exposed to custodial credit risk because the assets are held in an irrevocable trust and cannot be assigned to the obligations of the custodian in the case of the custodian becoming insolvent.

The carrying amount of the District's cash and investments totaled \$10,793,585 on June 30, 2023, as summarized below:

Deposits with financial institutions	\$ 4,290,398
Investments:	
Employee benefit trust	4,131,705
Wisconsin investment series cooperative	1,353,640
Community Foundation funds	829,912
LGIP	187,930
Total	\$ 10,793,585

Reconciliation to the basic financial statements:

Statement of net position	\$ 6,661,880
Fiduciary funds:	
Employee benefit trust	4,131,705
Total	\$ 10,793,585

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 2. Cash and Investments - Continued:

Following is the distribution of the District's investments by each investment type:

<u>Investment type</u>	<u>Original Cost</u>	<u>Fair Value</u>
BMO Financial Group (employee benefit trust fund):		
Money market funds	\$ 48,315	\$ 48,315
Bond exchange traded funds	2,421,436	2,098,638
Equity exchange traded funds	1,599,610	1,984,752
WISC		
Investment Management Series	1,353,606	1,353,606
Cash Management Series	34	34
Community Foundation funds	829,912	829,912
Local Government Investment Pool	187,930	187,930
Total investments	\$ 6,440,943	\$ 6,503,187

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Ranges from AAA - B</u>	<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
WISC:					
Cash Management Series	\$ 34	\$ --	\$ 34	\$ --	\$ --
Investment Management Series	1,353,606	--	1,353,606	--	--
Local Government Investment Pool	187,930	--	--	--	187,930
Community Foundation funds	829,912	--	--	--	829,912
BMO Financial Group:					
Money market	48,315	--	--	--	48,315
Bond mutual funds	2,421,436	2,421,436	--	--	--
Equity funds	1,599,610	--	--	--	1,599,610
Totals	\$ 6,440,843	\$ 2,421,436	\$ 1,353,606	\$ --	\$ 2,665,767

The District does not have a formal policy to address credit risk, but the risk is mitigated by the fact that the District is not invested in any individual securities. None of the District's investments are rated.

The investment in the State Treasurer's investment pool is insured against defaults in principal payments by Financial Security Assurance Incorporated.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 2. Cash and Investments - Continued:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy to address interest rate risk, but the risk is mitigated by the fact that the District is not invested in any individual bond security and is invested in bond index funds which allow for a more diversified portfolio.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More than 60 Months</u>
WISC:					
Cash Management Series	\$ 34	\$ 34	\$ --	\$ --	\$ --
Investment Management Series	1,353,606	1,353,606	--	--	--
Limited Term Duration Series	187,930	187,930	--	--	--
Community Foundation funds	829,912	829,912	--	--	--
BMO Financial Group:					
Money market	48,315	48,315	--	--	--
Bond mutual funds	2,421,436	2,421,436	--	--	--
Equity funds	1,599,610	1,599,610	--	--	--
Totals	<u>\$ 6,440,843</u>	<u>\$ 6,440,843</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Investment in Wisconsin Series Investment Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$1,353,640 at year-end consisting of \$34 invested in the Cash Management Series, and \$1,353,606 invested in the Investment Management Series.

WISC is organized by and operated exclusively for Wisconsin public schools, technical colleges, and municipal entities. WISC is not registered with the Securities and Exchange Commission, but operates under Wisconsin International Cooperate Statute, Wisconsin Statute, Section 66.031. WISC is governed by the Wisconsin Investment Series Cooperative Commission in accordance with the terms of the Intergovernmental Cooperation Agreement. WISC invests District funds in accordance with Wisconsin law. WISC investments are valued at amortized cost, which approximates market value.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 3. Changes in Capital Assets:

Changes in capital assets of the District are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental activities:				
Buildings	\$ 29,794,568	\$ --	\$ --	\$ 29,794,568
Equipment	5,385,939	633,772	787,655	5,232,056
Land improvements	356,180	--	--	356,180
Right of use asset	173,156	--	--	173,156
Land	1,623,247	--	--	1,623,247
Totals	<u>37,333,090</u>	<u>633,772</u>	<u>787,655</u>	<u>37,179,207</u>
Accumulated depreciation:				
Buildings	17,396,769	605,409	--	18,002,178
Equipment	3,821,378	643,502	783,282	3,681,598
Land improvements	309,316	3,068	--	312,384
Right of use asset	34,590	38,940	--	73,530
Totals	<u>21,562,053</u>	<u>1,290,919</u>	<u>783,282</u>	<u>22,069,690</u>
Capital assets, net	<u>\$ 15,771,037</u>	<u>\$ (657,147)</u>	<u>\$ 4,373</u>	<u>\$ 15,109,517</u>

All depreciation expense was charged to unallocated depreciation.

Note 4. Interfund Transactions:

The inter-fund balance between the general fund and the long-term capital improvement fund exists since this portion of the transfer was made after year-end.

Interfund transfers on the fund financial statements at June 30, 2023, consisted of the following:

Transfer from the general fund to the capital improvement fund	\$ 420,000
--	------------

The interfund transfer between the general fund and the long-term capital improvement fund was made to move cash into the long-term capital improvement fund.

Note 5. Short-term Revolving Line of Credit:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
	\$ --	\$ 1,025,000	\$ 1,025,000	\$ --

The \$1,025,000 line of credit was issued on October 31, 2022, and matured on November 1, 2023. The interest rate varied and was adjusted monthly based on the Wall Street Journal PRIME rate minus 1%. The rate is not to exceed 5.25% through final maturity. The proceeds were used to finance continuing operations.

Total interest expense for the year ended June 30, 2023, for short-term notes totaled \$1,230.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 6. Long-term Obligations:

Long-term obligations of the District are as follows:

<i>Type</i>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
General obligation debt	\$ 1,425,000	\$ --	\$ 1,085,000	\$ 340,000	\$ 340,000
Leases	139,480	--	38,627	100,853	39,240
Net pension liability - supplemental pension	238,363	--	24,546	213,817	--
Net pension liability - WRS	--	4,110,512	--	4,110,512	--
Totals	<u>\$ 1,802,843</u>	<u>\$ 4,110,512</u>	<u>\$ 1,148,173</u>	<u>\$ 4,765,182</u>	<u>\$ 379,240</u>

Total interest paid for the year ended June 30, 2023, was \$35,623 for general obligation debt.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District.

General obligation debt at June 30, 2023, is comprised of the following issues:

<i>Description</i>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balances</u>
General obligation bonds	04/15/13	1.00 - 2.70%	04/01/24	\$ 340,000

Aggregate cash flow requirements for the retirement of general obligation debt principal and interest on June 30, 2023, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 340,000	\$ 9,180	\$ 349,180

The 2022 equalized valuation of the District as certified by Wisconsin Department of Revenue is \$1,426,278,358. 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 is as follows:

Debt limit (10% of \$1,426,278,358)	\$ 142,627,836
Deduct long-term debt applicable to debt margin	<u>340,000</u>
Margin of indebtedness	<u>\$ 142,287,836</u>

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 7. Leases:

The District, as a lessee, has entered into lease agreements involving printing and imaging equipment, technology equipment, and a motor vehicle.

The total costs of the District's lease assets are recorded as \$173,156, less accumulated amortization of \$73,530.

The future lease payments under lease arrangements are as follows:

Year ending June 30,	Principal	Interest	Totals
2024	\$ 39,240	\$ 1,265	\$ 40,505
2025	39,866	639	40,505
2026	8,699	--	8,699
2027	8,699	--	8,699
2028	4,349	--	4,349
Totals	\$ 100,853	\$ 1,904	\$ 102,757

Note 8. Fund Balance Reporting:

The following table discloses details of the amounts reported in the various fund balance categories as of June 30, 2023:

<i>Description</i>	General Fund	Long-term Capital Improvement Fund	Special Revenue Trust Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable:					
Food service inventory	\$ --	\$ --	\$ --	\$ 17,962	\$ 17,962
Prepaid expenses	910	--	--	--	910
Restricted:					
Debt service	--	--	--	10,058	10,058
Capital projects	--	--	1,014,911	--	1,014,911
Capital improvement	--	1,133,306	--	--	1,133,306
Food service	--	--	--	299,466	299,466
Assigned:					
Contractual obligations	3,192,609	--	--	--	3,192,609
Future compensation	125,000	--	--	--	125,000
Wage stabilization	200,000	--	--	--	200,000
Marketing, communication or promotion of district	25,000	--	--	--	25,000
Future budget stabilization	74,235	--	--	--	74,235
Individual school project	45,000	--	--	--	45,000
Connections initiatives	30,000	--	--	--	30,000
Student activity funds	332,393	--	--	--	332,393
Community service	--	--	--	66,364	66,364
Total fund balances	\$ 4,025,147	\$ 1,133,306	\$ 1,014,911	\$ 393,850	\$ 6,567,214

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 9. Excess of Actual Expenditures Over Budget in Individual Funds:

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

General fund:	
Regular curriculum	\$ 61,973
Vocational curriculum	241
Physical curriculum	3,755
Co-curricular curriculum	58,095
General administration	34,563
School building administration	37,770
Business administration	534,148
Central services	11,946
Insurance and judgements	20,404
Debt services	40,367
Other support services	68,531
Special education fund:	
Business administration	37,451
Nonprogram	117,879

Note 10. General Information About the WRS Pension Plan:

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 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, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

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

Vesting

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

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the WRS Pension Plan - Continued:

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases.

By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the WRS Pension Plan - Continued:

Contributions

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

During the reporting period, the WRS recognized \$881,557 in contributions from the employer.

Contribution rates as of December 31, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
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 LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the WRS Pension Plan - Continued:

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

At June 30, 2023, the District reported a liability (asset) of \$4,110,512 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 used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.07759045%, which was a decrease of 0.00181614% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense (revenue) of \$2,097,960.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,546,771	\$ 8,600,988
Net differences between projected and actual earnings on pension plan investments	6,982,812	--
Changes in assumptions	808,296	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,332	5,561
Employer contributions subsequent to the measurement date	976,591	--
Totals	\$ 15,347,802	\$ 8,606,549

\$976,591 reported as deferred outflows of resources related to pension resulting from the District'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:

Year ending <i>June 30,</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ 7,940,397	\$ 7,696,660
2024	6,964,981	5,769,136
2025	5,600,442	4,372,989
2026	4,378,001	1,280,374
Thereafter	--	--

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the 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:	
Wage 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.

Long-term Expected Return on Plan Assets

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

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the WRS Pension Plan - Continued:

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

**Asset Allocation Targets and
Expected Returns
As of December 31, 2022**

Core Fund Asset Class	Asset Allocation%	Rate of Return %	
		Long-Term Expected Nominal	Long-Term Expected Real
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
Total Core Fund	115	7.4	4.8
Variable Fund Asset Class			
U.S. equities	70	7.2	4.6
International equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%

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

Single Discount Rate

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 10. General Information About the WRS Pension Plan - Continued:

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	1% Increase to Discount Rate (7.8%)
District's proportionate share of the net pension liability (asset)	\$ 13,642,655	\$ 4,110,512	\$ (2,446,785)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>

Payable to WRS Pension Plan

The District reported a payable of \$225,193 for the outstanding amount of contributions in the Plan for the year ended June 30, 2023.

Note 11. General Information About the OPEB Plan:

Plan Description and Benefits Provided

The District's post employment medical plan is a single-employer, defined benefit healthcare plan administered by the District. The plan provides medical insurance benefits to eligible retirees and their spouses. The authority to establish and amend benefit provisions is with the Board of Education. There is no financial report issued by the plan.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	115
Inactive employees entitled to but not yet receiving benefits	--
Active plan members	256
Total	371

Contributions

The contribution requirements of the District are established and may be amended by the Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2023, the District's average contribution rate was 0.00% of covered-employee payroll. Employees are not required to contribute to the plan.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the OPEB Plan - Continued:

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 %
Salary increases	3.0%
Investment rate of return	5.0 %, long-term expected rate of return
Healthcare cost trend rates	Medical: initial rate of 7.0% decreasing to 6.5%, then decreasing by 0.1% per year down to 4.5%

Mortality rates are from the Wisconsin 2021 Mortality Table adjusted for future mortality improvements using the MP-2021 fully generated improvement scale (multiplied 60%).

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-2020.

Investment Policy

Funds for the OPEB plan, "Employee Benefit Trust", adheres to Wisconsin Statute 881.01 "Uniform Prudent Investor Act" which requires reasonable care, skill, and caution in the investment and managing of trust assets. The Employee Benefit Trust is managed by BMO Financial Group.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the OPEB Plan - Continued:

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at 6/30/2021	\$ 1,055,401	\$ 1,672,901	\$ (617,500)
Changes for the year:			
Service cost	13,453	--	13,453
Interest	51,873	--	51,873
Differences between expected and actual experience	(70,221)	--	(70,221)
Changes of assumptions or other input	(13,799)	--	(13,799)
Contributions - employer	--	--	--
Net investment income	--	(213,291)	213,291
Benefit payments	(49,340)	(49,340)	--
Administrative expense	--	(6,343)	6,343
Net changes	(68,034)	(268,974)	200,940
Balances at 6/30/2022	\$ 987,367	\$ 1,403,927	\$ (416,560)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1%-point lower (4.0%) or 1%-point higher (6.0%) than the discount rate:

	1% Decrease (4.0%)	Discount Rate (5.0%)	1% Increase (6.0%)
Net OPEB liability	\$ (312,979)	\$ (416,560)	\$ (505,600)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1%-point lower or 1%-point higher than the current healthcare cost trend rates:

	1% Decrease (6.0% Decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% Decreasing to 4.5%)	1% Increase (8.0% Decreasing to 5.5%)
Net OPEB liability	\$ (431,361)	\$ (416,560)	\$ (399,544)

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 11. General Information About the OPEB Plan - Continued:

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$(91,189). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 99,486
Changes and assumptions	16,302	155,696
Net difference between projected and actual earnings on OPEB plan investments	72,294	--
District contributions subsequent to the measurement date	--	--
Totals	\$ 88,596	\$ 255,182

\$0 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in pension expense as follows:

Year ending <i>June 30,</i>			
2023	\$ (73,162)	
2024	(64,363)	
2025	(20,350)	
2026		22,794	
2027	(10,503)	
Thereafter	(21,002)	

Note 12. General Information About the Supplemental Pension Plan:

Plan Description and Benefits Provided

In accordance with certain employment agreements, the District provides pension benefits through a non-contributory single employer defined benefit pension plan covering eligible teachers and administrators. Eligible teachers and administrators are provided with a post-employment non-elective 403(b) (TSA) wherein a total amount equal to \$600 per year of service in the District will be contributed in equal amounts over the first 5 years of their retirement. The benefits paid to eligible retirees are accounted for under GASB Statement No. 68. The plan is administered by the District and does not issue a stand alone report.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 12. General Information About the Supplemental Pension Plan - Continued:

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	--
Active employees	180
Total employees	191

Contributions

The District is required to provide contributions on a pay-as-you-go basis. Active plan members are not required to contribute toward these benefits.

Net Pension Liability (Asset)

The actuarial firm determined an actuarial valuation is no longer required. The District's net pension liability (asset) was calculated using the actual liability as of June 30, 2023.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at 6/30/22	\$ 1,486,620	\$ 1,248,257	\$ 238,363
Changes for the year:			
Net investment income	--	104,791	(104,791)
Benefits payments	(86,940)	(86,940)	--
Benefits earned	75,420	--	75,420
Administrative expense	--	(4,825)	4,825
Net changes	(11,520)	13,026	(24,546)
Balances at 6/30/23	\$ 1,475,100	\$ 1,261,283	\$ 213,817

Note 13. Limitation on School District Revenues:

Wisconsin Statutes limit the amount of revenues that school districts may derive from general school aids and property taxes, unless a higher amount is approved by a referendum. This limitation does not apply to revenue needed for the payment of any general obligation debt service (including refinanced debt) authorized by either of the following:

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

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 14. Contingent Liabilities:

Risk management - the District is exposed to various risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance coverage for most of these risks. There were no reductions in purchased coverage for the year ended June 30, 2023. No settlements exceeded insured amounts in the last three fiscal years.

Litigation - from time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and counsel that the likelihood is remote, due in part to insurance coverage, that any other such claims or proceedings will have a material effect on the District's financial position.

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 15. Fair Value Measurement:

The District's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active

Level 3 - Investments reflect prices based upon unobservable sources

The categorization of investments with the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

Note 15. Fair Value Measurement - Continued:

The fair value of the District's investments was classified as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money market funds	\$ 48,315	\$ --	\$ --	\$ 48,315
Bond ETFs	2,098,638	--	--	2,098,638
Equity ETFs	1,984,752	--	--	1,984,752
WISC	--	1,353,640	--	1,353,640
Community Foundation funds	--	829,912	--	829,912
LGIP	--	187,930	--	187,930
Totals	<u>\$ 4,131,705</u>	<u>\$ 2,371,482</u>	<u>\$ --</u>	<u>\$ 6,503,187</u>

Investments classified in the Level 1 of the fair value hierarchy are valued using prices provided by Morgan Stanley Smith Barney for the District's employee benefit trust.

Investments classified in the Level 2 of the fair value hierarchy represent the District's share of the Local Government Investment Pool provided by the State of Wisconsin Investment Board, funds held at the Community Foundation for the Fox Valley Region, Inc., and the Wisconsin Investment Series Cooperative

Note 16. Subsequent Events:

The District has evaluated all subsequent events through January 25, 2024, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Wisconsin Retirement System
Last 10 Fiscal Years***

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
06/30/15	\$ 845,346	\$ 845,346	\$ --	\$ 12,076,368	7.0%
06/30/16	820,336	820,336	--	12,063,765	6.8%
06/30/17	798,391	798,391	--	12,096,829	6.6%
06/30/18	829,028	829,028	--	12,188,492	6.8%
06/30/19	846,884	846,884	--	12,640,085	6.7%
06/30/20	841,693	841,693	--	12,850,315	6.5%
06/30/21	903,044	903,044	--	13,378,478	6.7%
06/30/22	907,747	907,747	--	13,448,176	6.7%
06/30/23	881,557	881,557	--	13,562,368	6.5%

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

2015 was the first year that this information was made available due to implementation of GASB 68.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET)**

Wisconsin Retirement System
Last 10 Fiscal Years*

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
06/30/15	0.08735849%	\$ (2,145,764)	\$ 12,076,368	102.74%
06/30/16	0.08366750%	1,403,443	12,063,765	98.20%
06/30/17	0.08497091%	700,363	12,096,829	99.12%
06/30/18	0.08354140%	(2,480,443)	12,188,492	102.93%
06/30/19	0.08264324%	2,940,187	12,640,085	96.45%
06/30/20	0.08151401%	(2,628,383)	12,850,315	102.96%
06/30/21	0.08084291%	(5,047,135)	13,378,478	105.26%
06/30/22	0.07940659%	(6,400,317)	13,448,176	106.02%
06/30/23	0.07759045%	4,110,512	13,562,368	95.72%

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

2015 was the first year that this information was made available due to implementation of GASB 68.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**NOTES TO REQUIRED WRS SCHEDULES
For the Year Ended June 30, 2023**

Note 1. Change of Benefit Terms:

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

Note 2. Change of Assumptions:

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

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

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

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the 2020 Wisconsin 2018 Mortality Table.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Other Post Employment Benefits Plan

Last 10 Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB liability:				
Service cost	\$ 13,453	\$ 12,812	\$ 14,191	\$ 13,238
Interest	51,873	57,261	55,069	67,702
Changes in benefit terms	--	--	--	--
Differences between expected and actual experience	(70,221)	--	(23,043)	--
Changes of assumptions or other input	(13,799)	--	(157,622)	38,034
Benefit payments	(49,340)	(306,961)	(325,220)	(377,677)
Net change in total OPEB liability	(68,034)	(236,888)	(436,625)	(258,703)
Total OPEB liability - beginning	<u>1,055,401</u>	<u>1,292,289</u>	<u>1,728,914</u>	<u>1,987,617</u>
Total OPEB liability - ending	<u>\$ 987,367</u>	<u>\$ 1,055,401</u>	<u>\$ 1,292,289</u>	<u>\$ 1,728,914</u>
Plan fiduciary net position:				
Contributions - employer	\$ --	\$ 51,640	\$ 58,409	\$ 58,409
Net investment income	(213,291)	317,236	82,486	113,710
Benefit payments	(49,340)	(306,961)	(325,220)	(377,677)
Administrative expense	(6,343)	(6,498)	(5,837)	(10,965)
Adjustment	--	--	--	--
Net change in plan fiduciary net position	(268,974)	55,417	(190,162)	(216,523)
Total fiduciary net position - beginning	<u>1,672,901</u>	<u>1,617,484</u>	<u>1,807,646</u>	<u>2,024,169</u>
Total fiduciary net position - ending	<u>\$ 1,403,927</u>	<u>\$ 1,672,901</u>	<u>\$ 1,617,484</u>	<u>\$ 1,807,646</u>
Net OPEB liability - ending	<u>\$ (416,560)</u>	<u>\$ (617,500)</u>	<u>\$ (325,195)</u>	<u>\$ (78,732)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	142.19%	158.51%	125.16%	104.55%
The District's covered employee payroll	\$ 13,061,999	\$ 12,331,789	\$ 12,331,789	\$ 11,998,528
Net OPEB liability as a percentage of covered employee payroll	-3.19%	-5.01%	-2.64%	-0.66%

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2017 is the first year that this information has been made available due to implementation of GASB 74 and 75.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 11,812	\$ 12,735	\$ 12,735
80,614	83,298	99,834
--	--	--
(87,066)	--	--
(109,760)	(88,761)	--
(410,648)	(549,659)	(777,883)
(515,048)	(542,387)	(665,314)
<u>2,502,665</u>	<u>3,045,052</u>	<u>3,710,366</u>
<u>\$ 1,987,617</u>	<u>\$ 2,502,665</u>	<u>\$ 3,045,052</u>

\$ 401,435	\$ 630,856	\$ 984,979
109,419	85,300	7,796
(410,648)	(549,659)	(777,883)
(11,457)	(5,496)	(5,927)
<u>545,071</u>	<u>--</u>	<u>--</u>

633,820	161,001	208,965
<u>1,390,349</u>	<u>1,229,348</u>	<u>1,020,383</u>
<u>\$ 2,024,169</u>	<u>\$ 1,390,349</u>	<u>\$ 1,229,348</u>

<u>\$ (36,552)</u>	<u>\$ 1,112,316</u>	<u>\$ 1,815,704</u>
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101.84%	55.55%	40.37%
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\$ 11,998,528	\$ 8,167,823	\$ 8,167,823
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-0.30%	13.62%	22.23%
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SEE NOTES TO REQUIRED OPEB PLAN SCHEDULES.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Other Post Employment Benefits Plan
Last 10 Fiscal Years***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contributions	\$ --	\$ --	\$ 12,703	\$ 12,333
Contributions in relation to the actuarially determined contributions	<u>--</u>	<u>(51,640)</u>	<u>(58,409)</u>	<u>(58,409)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ (51,640)</u>	<u>\$ (45,706)</u>	<u>\$ (46,076)</u>
District's covered employee payroll	\$ 13,061,999	\$ 12,331,789	\$ 12,331,789	\$ 11,998,528
Contributions as a percentage of covered employee payroll	0.00%	0.42%	0.47%	0.49%

* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2017 is the first year that this information has been made available due to implementation of GASB 74 and 75.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 655,604	\$ 636,509	\$ 344,092
<u>(401,435)</u>	<u>(630,856)</u>	<u>(984,979)</u>
<u>\$ 254,169</u>	<u>\$ 5,653</u>	<u>\$ (640,887)</u>
\$ 11,998,528	\$ 8,167,823	\$ 8,167,823
3.35%	7.72%	12.06%

SEE NOTES TO REQUIRED OPEB PLAN SCHEDULES.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**NOTES TO REQUIRED OPEB PLAN SCHEDULES
For the Year Ended June 30, 2023**

Note 1. Changes of Benefit Terms:

There were no changes of benefit terms for this benefit.

Note 2. Changes of Assumptions:

There was an updated experience study used for the actuarial assumptions. The study was conducted in 2021 using the Wisconsin Retirement System experience from 2018-2020.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
GENERAL FUND**

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Local sources	\$ 7,142,777	\$ 7,142,777	\$ 7,672,515	\$ 529,738
Interdistrict sources	1,152,672	1,152,672	983,701	(168,971)
Intermediate sources	12,758	12,758	40,839	28,081
State sources	19,119,856	19,119,856	19,144,348	24,492
Federal sources	2,064,682	2,064,682	1,972,069	(92,613)
Other sources	565,000	565,000	390,159	(174,841)
Total revenues	<u>30,057,745</u>	<u>30,057,745</u>	<u>30,203,631</u>	<u>145,886</u>
Expenditures:				
Instruction:				
Undifferentiated curriculum	5,414,474	5,414,474	5,296,938	117,536
Regular curriculum	4,965,100	4,965,100	5,027,073	(61,973)
Vocational curriculum	776,063	776,063	776,304	(241)
Physical curriculum	626,514	626,514	630,269	(3,755)
Co-curricular curriculum	352,359	352,359	410,454	(58,095)
Special needs curriculum	312,995	312,995	276,749	36,246
Total instruction	<u>12,447,505</u>	<u>12,447,505</u>	<u>12,417,787</u>	<u>29,718</u>
Support & nonprogram services:				
Pupil services	1,139,402	1,139,402	1,125,147	14,255
Instructional staff services	1,754,325	1,754,325	1,445,251	309,074
General administration	464,353	464,353	498,916	(34,563)
School building administration	1,805,965	1,805,965	1,843,735	(37,770)
Business administration	5,009,099	5,009,099	5,543,247	(534,148)
Central services	89,565	89,565	101,511	(11,946)
Insurance and judgments	230,339	230,339	250,743	(20,404)
Debt service	3,000	3,000	43,367	(40,367)
Other support services	345,248	345,248	413,779	(68,531)
Nonprogram	6,768,944	6,768,944	3,120,901	3,648,043
Total support services & nonprogram	<u>17,610,240</u>	<u>17,610,240</u>	<u>14,386,597</u>	<u>3,223,643</u>
Total expenditures	<u>30,057,745</u>	<u>30,057,745</u>	<u>26,804,384</u>	<u>3,253,361</u>
Excess of revenues over expenditures	--	--	3,399,247	3,399,247
Other financing sources (uses):				
Net operating transfers (out)	--	--	(3,393,916)	(3,393,916)
Net change in fund balance	--	--	5,331	5,331
Fund balance, beginning of year	4,019,816	4,019,816	4,019,816	--
Fund balance, end of year	<u>\$ 4,019,816</u>	<u>\$ 4,019,816</u>	<u>\$ 4,025,147</u>	<u>\$ 5,331</u>

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL -
SPECIAL EDUCATION FUND
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Interdistrict sources	\$ 30,000	\$ 30,000	\$ 30,308	\$ 308
State sources	1,109,500	1,109,500	1,295,962	186,462
Federal sources	756,125	756,125	697,579	(58,546)
Total revenues	<u>1,895,625</u>	<u>1,895,625</u>	<u>2,029,745</u>	<u>134,120</u>
Expenditures:				
Instruction:				
Special curriculum	<u>3,998,705</u>	<u>3,998,705</u>	<u>3,762,642</u>	<u>236,063</u>
Support services & nonprogram:				
Pupil services	580,770	580,770	554,871	25,899
Instructional staff services	248,118	248,118	242,716	5,402
General administration	284	284	--	284
Business administration	66,816	66,816	104,267	(37,451)
Debt service	--	--	--	--
Other support services	--	--	--	--
Nonprogram	<u>221,286</u>	<u>221,286</u>	<u>339,165</u>	<u>(117,879)</u>
Total support services & nonprogram	<u>1,117,274</u>	<u>1,117,274</u>	<u>1,241,019</u>	<u>(123,745)</u>
Total expenditures	<u>5,115,979</u>	<u>5,115,979</u>	<u>5,003,661</u>	<u>112,318</u>
Excess of revenues (under) expenditures	(3,220,354)	(3,220,354)	(2,973,916)	246,438
Other financing sources (uses):				
Operating transfers in	<u>3,220,354</u>	<u>3,220,354</u>	<u>2,973,916</u>	<u>(246,438)</u>
Net change in fund balance	--	--	--	--
Fund balance, beginning of year	--	--	--	--
Fund balance, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

OTHER SUPPLEMENTARY INFORMATION

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2023

	Special Revenue	Debt Service Fund	Totals
ASSETS			
Cash and investments	\$ 403,167	\$ 10,058	\$ 413,225
Accounts receivable	95	--	95
Inventory	17,962	--	17,962
Total assets	\$ 421,224	\$ 10,058	\$ 431,282
LIABILITIES AND FUND BALANCE			
Accounts payable	\$ 6,081	\$ --	\$ 6,081
Accrued salaries and wages	960	--	960
Accrued payroll taxes and withholdings	1,683	--	1,683
Food service deposits	28,708	--	28,708
Total liabilities	37,432	--	37,432
Fund balance:			
Nonspendable	17,962	--	17,962
Spendable:			
Restricted	299,466	10,058	309,524
Assigned	66,364	--	66,364
Total fund balance	383,792	10,058	393,850
Total liabilities and fund balance	\$ 421,224	\$ 10,058	\$ 431,282

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023**

	Special Revenue	Debt Service Fund	Totals
Revenues:			
Local sources	\$ 664,905	\$ 1,023,008	\$ 1,687,913
State sources	22,677	--	22,677
Federal sources	751,436	--	751,436
Total revenues	1,439,018	1,023,008	2,462,026
 Support services:			
Debt service	--	1,115,883	1,115,883
Total support services	--	1,115,883	1,115,883
Food service	1,864,196	--	1,864,196
Community service	150,340	--	150,340
Total expenditures	2,014,536	1,115,883	3,130,419
 Net change in fund balance	(575,518)	(92,875)	(668,393)
 Fund balance, beginning of year	959,310	102,933	1,062,243
 Fund balance, end of year	\$ 383,792	\$ 10,058	\$ 393,850

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2023

	Food Service	Community Service	Totals
ASSETS			
Cash and investments	\$ 335,752	\$ 67,415	\$ 403,167
Accounts receivable	--	95	95
Inventory	17,962	--	17,962
Total assets	\$ 353,714	\$ 67,510	\$ 421,224
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 6,081	\$ --	\$ 6,081
Accrued salaries and wages	437	523	960
Accrued payroll withholdings	1,060	623	1,683
Food service deposits	28,708	--	28,708
Total liabilities	36,286	1,146	37,432
Fund balances:			
Nonspendable	17,962	--	17,962
Spendable:			
Restricted	299,466	--	299,466
Assigned	--	66,364	66,364
Total fund balances	317,428	66,364	383,792
Total liabilities and fund balances	\$ 353,714	\$ 67,510	\$ 421,224

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2023**

	<u>Food Service</u>	<u>Community Service</u>	<u>Totals</u>
Revenues:			
Local sources	\$ 497,309	\$ 167,596	\$ 664,905
State sources	22,677	--	22,677
Federal sources	751,436	--	751,436
Total revenues	<u>1,271,422</u>	<u>167,596</u>	<u>1,439,018</u>
Expenditures:			
Food service	1,864,196	--	1,864,196
Community service	--	150,340	150,340
Total expenditures	<u>1,864,196</u>	<u>150,340</u>	<u>2,014,536</u>
Net change in fund balances	(592,774)	17,256	(575,518)
Fund balances, beginning of year	<u>910,202</u>	<u>49,108</u>	<u>959,310</u>
Fund balances, end of year	<u>\$ 317,428</u>	<u>\$ 66,364</u>	<u>\$ 383,792</u>

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**COMBINING BALANCE SHEET -
GENERAL FUND**

June 30, 2023

	General Fund	Special Education Fund	Eliminations	Totals
ASSETS				
Cash and investments	\$ 4,014,437	\$ 331,001	\$ --	\$ 4,345,438
Taxes receivable	1,772,183	--	--	1,772,183
Accounts receivable	32,145	15,840	--	47,985
Prepaid expenses	910	--	--	910
Due from other governments	339,821	73,402	--	413,223
Total assets	\$ 6,159,496	\$ 420,243	\$ --	\$ 6,579,739
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 154,039	\$ 169	\$ --	\$ 154,208
Accrued salaries and wages	1,135,863	270,179	--	1,406,042
Accrued payroll taxes and withholdings	599,447	149,895	--	749,342
Due to other funds	245,000	--	--	245,000
Total liabilities	2,134,349	420,243	--	2,554,592
Fund balances:				
Spendable:				
Assigned	4,025,147	--	--	4,025,147
Total liabilities and fund balances	\$ 6,159,496	\$ 420,243	\$ --	\$ 6,579,739

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GENERAL FUND**

For the Year Ended June 30, 2023

	General Fund	Special Education Fund	Eliminations	Totals
Revenues:				
Local sources	\$ 7,672,515	\$ --	\$ --	\$ 7,672,515
Interdistrict sources	983,701	30,308	--	1,014,009
Intermediate sources	40,839	5,896	--	46,735
State sources	19,144,348	1,295,962	--	20,440,310
Federal sources	1,972,069	697,579	--	2,669,648
Other sources	390,159	--	--	390,159
Total revenues	<u>30,203,631</u>	<u>2,029,745</u>	<u>--</u>	<u>32,233,376</u>
Expenditures:				
Instruction:				
Undifferentiated curriculum	5,296,938	--	--	5,296,938
Regular curriculum	5,027,073	--	--	5,027,073
Special curriculum	--	3,762,642	--	3,762,642
Other instruction	2,093,776	--	--	2,093,776
Total instruction	<u>12,417,787</u>	<u>3,762,642</u>	<u>--</u>	<u>16,180,429</u>
Support services & nonprogram:				
Pupil services	1,125,147	554,871	--	1,680,018
Instructional staff services	1,445,251	242,716	--	1,687,967
General administration	498,916	--	--	498,916
School building administration	1,843,735	--	--	1,843,735
Business administration	5,543,247	104,267	--	5,647,514
Debt service	43,367	--	--	43,367
Other support services	766,033	--	--	766,033
Nonprogram	3,120,901	339,165	--	3,460,066
Total support services & nonprogram	<u>14,386,597</u>	<u>1,241,019</u>	<u>--</u>	<u>15,627,616</u>
Total expenditures	<u>26,804,384</u>	<u>5,003,661</u>	<u>--</u>	<u>31,808,045</u>
Excess of revenues over (under) expenditures	<u>3,399,247</u>	<u>(2,973,916)</u>	<u>--</u>	<u>425,331</u>
Other financing sources (uses):				
Operating transfers in	--	2,973,916	(2,973,916)	--
Operating transfers (out)	(3,393,916)	--	2,973,916	(420,000)
Net other financing sources (uses)	<u>(3,393,916)</u>	<u>2,973,916</u>	<u>--</u>	<u>(420,000)</u>
Net change in fund balances	5,331	--	--	5,331
Fund balances, beginning of year	<u>4,019,816</u>	<u>--</u>	<u>--</u>	<u>4,019,816</u>
Fund balances, end of year	<u>\$ 4,025,147</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 4,025,147</u>

(SCHOOL DISTRICT OF NEW LONDON)

Section VI

SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS

FISCAL YEAR ENDING (JUNE 30, 2023)

OPERATING ACTIVITY	WUFAR OBJECT CODE	COST
EMPLOYEE SALARIES	100	123,719
EMPLOYEE BENEFITS	200	50,788
PURCHASED SERVICES	300	2,364
NON-CAPITAL OBJECTS	400	11,586
CAPITAL OBJECTS	500	0
TOTAL		188,457

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023**

Federal Grantor/ Pass-Through Grantor/ Award Description	Assistance Listing Number	Pass-Through Identification Number	Accrued Receivable 6/30/2022
U.S. DEPARTMENT OF AGRICULTURE			
Pass-Through Programs From:			
WI Department of Public Instruction:			
<i>Child Nutrition Cluster:</i>			
National School Breakfast	10.553	2023-683955-DPI-SB-546	\$ --
National School Lunch-noncash	10.555	2023-683955-DPI-NSL-001	--
National School Lunch-cash	10.555	2023-683955-DPI-NSL-547	--
NSL Snack Program	10.555	2023-683955-DPI-SK_NSL-561	--
Summer Food Service Program	10.559	2023-683955-DPI-SFSP-566	--
Child Nutrition Cluster Totals			<u>--</u>
U.S. DEPARTMENT OF EDUCATION			
Pass-Through Programs From:			
WI Department of Public Instruction:			
<i>Title I:</i>			
Title I-A	84.010A	2023-683955-DPI-TIA-141	25,692
Title I-D Delinquent	84.010	2023-683955-DPI-TI-D N&D-144	29,154
Title I Totals			<u>54,846</u>
<i>Special Education Cluster:</i>			
IDEA Flow Through	84.027A	2023-683955-DPI-IDEA-FT-341	223,577
IDEA Preschool Entitlement	84.173A	2023-683955-DPI-IDEA-P-347	12,757
Special Education Cluster Totals			<u>236,334</u>
Title III-A Grants to LEAs	84.365A	2023-683955-DPI-TIIIA-391	8,344
Title II-A	84.367A	2023-683955-DPI-TIIA-365	28,479
Title IV-A	84.424A	2023-683955-DPI-TIV-A-381	3,718
Elementary and Secondary School			
Emergency Relief	84.425	2023-683955-DPI-ESSERFII-163	200,194
Elementary and Secondary School			
Emergency Relief	84.425	2023-683955-DPI-ESSERFIII-163	--
ARPA-Homeless Children and Youth	84.425	2023-683955-DPI-ARPHCYII-173	7,770
CESA #6:			
Carl Perkins CTE Grant	84.048	N/A	--
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass-Through Programs From:			
WI Department of Health Services:			
Medical Assistance Program	93.778	N/A	18,994
Totals			<u>\$ 558,679</u>

<u>Expenditures</u>	<u>Grantor Reimbursement</u>	<u>Accrued Receivable 6/30/2023</u>
\$ 84,158	\$ 84,158	\$ --
102,522	102,522	--
538,380	538,380	--
8,183	8,183	--
18,193	18,193	--
<u>751,436</u>	<u>751,436</u>	<u>--</u>
299,770	279,558	45,904
75,907	95,934	9,127
<u>375,677</u>	<u>375,492</u>	<u>55,031</u>
533,145	734,294	22,428
20,621	17,250	16,128
<u>553,766</u>	<u>751,544</u>	<u>38,556</u>
13,244	9,744	11,844
69,149	73,465	24,163
30,485	23,371	10,832
489,811	667,926	22,079
617,670	442,668	175,002
--	7,770	--
15,906	15,906	--
253,529	248,570	23,953
<u>\$ 3,170,673</u>	<u>\$ 3,367,892</u>	<u>\$ 361,460</u>

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2023**

State Grantor/ Award Description	State ID Number	Pass-Through Identification Number	Accrued Receivable 6/30/2022
WI DEPARTMENT OF PUBLIC INSTRUCTION			
Special Education and			
School Age Parents	255.101	683955-100	\$ --
Common School Fund Library Aid	255.103	683955-104	--
Bilingual/Bicultural Aid	255.106	683955-111	--
General Transportation Aid	255.107	683955-102	--
WI School Day Milk Program	255.115	683955-109	--
General Equalization Aids	255.201	683955-116	--
School Based Mental Health Services	255.297	683955-177	--
Per Pupil Aid	255.945	683955-113	--
Educator Effective			
Evaluations System	255.940	683955-154	--
Career and Technical			
Education Incentive	255.950	683955-152	--
Assessment of Reading Readiness	255.956	683955-166	--
Special Education Transition			
Incentive Grants	255.960	683955-168	--
Totals			<u>\$ --</u>

<u>Expenditures</u>	<u>Grantor Reimbursement</u>	<u>Accrued Receivable 6/30/2023</u>
\$ 1,284,498	\$ 1,284,498	\$ --
154,004	154,004	--
24,342	24,342	--
67,430	67,430	--
22,678	22,678	--
17,076,748	17,076,748	--
43,905	43,905	--
1,633,884	1,633,884	--
13,920	13,920	--
32,550	32,550	--
3,199	3,199	--
11,465	11,465	--
<u>\$ 20,368,623</u>	<u>\$ 20,368,623</u>	<u>\$ --</u>

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS.

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND
STATE AWARDS**

For the Year Ended June 30, 2023

Note 1. Basis of Presentation:

The accompanying schedules of expenditures of federal and state awards (schedules) include the federal and state grant activity of the School District of New London under programs of the federal and state governments for the year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), and the *State Single Audit Guidelines*. Because the schedules present only a selected portion of the operations of the School District of New London, they are not intended to and do not present the financial position, changes in the net assets or cash flow of the School District of New London.

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 cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The School District of New London has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

Note 3. Special Education and School Age Parents Program:

The 2022-2023 eligible costs under the state special education program as reported by the District are \$1,096,225. The 2023-2024 estimated aid reimbursement for this program is \$1,381,567.

Note 4. Noncash Awards:

The federal donated commodities in the Child Nutrition Cluster is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Instruction and transactions relating to this program are included in the District's basic financial statements. Commodities received during the year that are included in the federal expenditures are valued by the federal agency. There are no balances outstanding as of June 30, 2023.



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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 London
New London, 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 London (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 January 25, 2024.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School District of New London's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.
Appleton, Wisconsin
January 25, 2024



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

Board of Education
School District of New London
New London, 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 London's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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), and the *State Single Audit Guidelines*. Our responsibilities under those standards and the Uniform Guidance 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 and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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 the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the 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 the District's compliance with the requirements of each major federal and state program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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 may exist that were not identified.

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

Purpose of this Report

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 requirements of the Uniform Guidance and *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

Erickson & Associates, S.C.

ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

January 25, 2024

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023**

Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued in accordance with generally accepted accounting principles:	Unmodified opinion
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to the financial statements?	No

Federal Awards

Internal control over major federal program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report on compliance for major federal programs:	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	

84.425	Elementary and Secondary School Emergency Relief Fund
	<i>Special Education Cluster</i>
84.027	IDEA Flow Through
84.173	IDEA Preschool Entitlement

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

State Awards

Internal control over major state programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report on compliance for major state programs:	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with <i>State Single Audit Guidelines</i> ?	No
Identification of major state programs:	

255.201	General Equalization Aids
255.101	Handicapped Aid

Dollar threshold used to distinguish between type A and type B programs:	\$250,000
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**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the Year Ended June 30, 2023**

Financial Statement Findings:

2023-001 Financial Statement Preparation

Condition: The District has historically relied upon its auditors to assist in the preparation of the district-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the District's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the District's internal controls.

Criteria: We are required to report on whether the District is able to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting district-wide and fund financial statements, including the related footnotes.

Cause: The additional costs with hiring staff experienced in preparing financial statements, along with additional training time, outweigh the derived benefits.

Effect: Information provided to management throughout the year may not be presented in accordance with generally accepted accounting principles.

Identification of a Repeat Finding: This is a repeat finding from previous audits, see 2022-001.

Recommendation: The District should continue to evaluate the cost/benefit of outsourcing the task of preparing the financial statements to external accountants.

Views of Responsible Officials: See District's corrective action plan.

Federal and State Award Findings and Questioned Costs:

No matters were reported

Other Issues:

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the District's ability to continue as a going concern? No

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 Public Instruction No

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
For the Year Ended June 30, 2023

Other Issues - Continued:

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

Yes

Signature of shareholder

A handwritten signature in black ink, appearing to read "L. L. Stang", is written over a horizontal line.

Date of report

January 25, 2024

**SCHOOL DISTRICT OF NEW LONDON
NEW LONDON, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2023**

Status of Prior Year Findings:

2022-001 Financial Statement Preparation

Management continues to believe that due to budget constraints, it is not practicable for the District to hire additional staff to correct this finding. This is considered to be a repeat finding.



CORRECTIVE ACTION PLAN

2023-001 Financial Statement Preparation

Corrective Action Plan: The District has evaluated the cost/benefit of outsourcing the task of preparing the financial statements to an external accountant. It would be cost prohibitive to hire additional staff or outsource the task to an outside accountant. However, management of the District has obtained the necessary skills, knowledge, and experience to accept responsibility for the preparation of the District's financial statements.

Anticipate Completion Date: Ongoing

Contact Information: For more information regarding these findings please contact Joseph Marquardt, Director of Business Services at 920-982-8530.

Joseph Marquardt
Director of Business Services