

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Audited Financial Statements
Year Ended June 30, 2022

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OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Audited Financial Statements
Year Ended June 30, 2022

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Independent Auditors' Report

To the School Board
Oconomowoc Area School District
Oconomowoc, Wisconsin

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Oconomowoc Area School 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.

Change in Accounting Principle

As discussed in Note 1.T to the financial statements, in fiscal year 2022 the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and schedule of expenditures of state awards as required by Wisconsin 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 combining nonmajor fund financial statements, the schedule of expenditures of federal awards and the schedule of expenditures of state awards are fairly stated in all material respects in relation to the basic financial statements as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. The 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.



December 8, 2022
Milwaukee, Wisconsin

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Statement of Net Position
June 30, 2022

	Governmental Activities
Assets:	
Current assets:	
Cash	\$ 3,607,778
Investments	33,769,887
Taxes receivable	12,464,876
Accounts receivable	29,451
Interest receivable	3,210
Prepaid expenses	30,850
Due from other governments	1,325,841
Total current assets	51,231,893
Noncurrent assets:	
Net pension asset - WRS	15,764,450
Capital assets:	
Nondepreciable	6,415,857
Depreciable, net of accumulated depreciation	102,288,342
Right to use leased assets, net of accumulated amortization	1,033,967
Total capital assets	109,738,166
Total noncurrent assets	125,502,616
Total assets	176,734,509
Deferred Outflows of Resources:	
Deferred outflows related to pensions - WRS	29,651,226
Deferred outflows related to pensions - Principal	555,000
Deferred outflows related to OPEB	20,733
Deferred outflows related to OPEB - life insurance	1,024,407
Deferred outflows related to supplemental pension	722,850
Total deferred outflows of resources	31,974,216
Liabilities:	
Current liabilities:	
Accounts payable	802,625
Accrued interest	777,122
Accrued salaries and related items	6,163,191
Medical claims payable	1,797
Other deposits payable	353
Unearned revenue	93,471
Current portion of long-term obligations	6,339,883
Total current liabilities	14,178,442
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	68,919,126
Net pension liability - Principal	555,910
Net OPEB liability - life insurance	2,812,349
Total supplemental pension liability	3,466,183
Net OPEB liability	226,183
Total noncurrent liabilities	75,979,751
Total liabilities	90,158,193
Deferred Inflows of Resources:	
Deferred inflows related to pensions - WRS	37,227,701
Deferred inflows related to pensions - Principal	1,604,452
Deferred inflows related to OPEB - life insurance	311,146
Deferred inflows related to supplemental pension	21,125
Total deferred inflows of resources	39,164,424
Net Position:	
Net investment in capital assets	33,868,735
Restricted for:	
Unspent Get Kids Ahead funds	42,956
Debt service	4,474,121
Capital projects	10,277,016
Food service	1,801,958
Other activities	1,077,225
Unrestricted	27,844,097
Total net position	\$ 79,386,108

The accompanying notes to financial statements
are an integral part of these statements.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Statement of Activities
Year Ended June 30, 2022

	<u>Program Revenues</u>			<u>Net (Expenses)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
Governmental activities:				
Instruction:				
Regular instruction	\$ 30,438,835	\$ 364,231	\$ 3,355,138	\$ (26,719,466)
Special education instruction	7,556,197	---	5,144,809	(2,411,388)
Vocational instruction	1,584,565	---	---	(1,584,565)
Other instruction	3,557,210	420,651	841,358	(2,295,201)
Total instruction	<u>43,136,807</u>	<u>784,882</u>	<u>9,341,305</u>	<u>(33,010,620)</u>
Support services:				
Pupil services	3,117,816	---	3,478	(3,114,338)
Instructional staff services	2,842,829	---	418,215	(2,424,614)
General administration services	861,360	---	---	(861,360)
School administration services	2,939,377	---	---	(2,939,377)
Business services	935,073	---	---	(935,073)
Operation and maintenance of plant	6,873,580	84,313	2,379	(6,786,888)
Pupil transportation	2,610,950	8,355	176,179	(2,426,416)
Central services	726,091	---	---	(726,091)
Other support services	2,014,673	---	---	(2,014,673)
Community services	560,634	16,300	---	(544,334)
Food service	2,357,217	1,092,039	1,934,834	669,656
Interest and fees on long-term debt	2,149,664	---	---	(2,149,664)
Unallocated depreciation and amortization*	3,316,389	---	---	(3,316,389)
Unallocated loss on disposal of assets	5,610	---	---	(5,610)
Total support services	<u>31,311,263</u>	<u>1,201,007</u>	<u>2,535,085</u>	<u>(27,575,171)</u>
Total governmental activities	<u>\$ 74,448,070</u>	<u>\$ 1,985,889</u>	<u>\$ 11,876,390</u>	<u>(60,585,791)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				50,041,571
Property taxes, levied for debt service				8,255,354
Property taxes, levied for specific purposes				562,000
Other taxes				1,204
Federal and state aid not restricted to specific purposes:				
General				9,411,581
Other				4,208,065
Interest and investment loss				(1,575)
Miscellaneous				407,412
Changes in net position				<u>12,299,821</u>
Net position - beginning of year				<u>67,086,287</u>
Net position - end of year				<u>\$ 79,386,108</u>

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

The accompanying notes to financial statements
are an integral part of these statements.

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

**Balance Sheet
Governmental Funds
June 30, 2022**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash	\$ 812,376	\$ ---	\$ 2,795,402	\$ 3,607,778
Investments	20,604,288	8,718,806	4,446,793	33,769,887
Taxes receivable	12,464,876	---	---	12,464,876
Accounts receivable	9,566	---	19,885	29,451
Interest receivable	---	3,210	---	3,210
Prepaid expenditures	30,807	---	43	30,850
Due from other funds	---	1,555,000	---	1,555,000
Due from other governments	1,041,638	---	284,203	1,325,841
Total assets	\$ 34,963,551	\$ 10,277,016	\$ 7,546,326	\$ 52,786,893
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 688,970	\$ ---	\$ 113,655	\$ 802,625
Accrued salaries and related items	6,159,105	---	4,086	6,163,191
Medical claims payable	1,797	---	---	1,797
Other deposits payable	---	---	353	353
Unearned revenue	18,543	---	74,928	93,471
Due to other funds	1,555,000	---	---	1,555,000
Total liabilities	8,423,415	---	193,022	8,616,437
Fund Balances:				
Nonspendable	30,807	---	---	30,807
Restricted	42,956	10,277,016	7,353,304	17,673,276
Assigned	517,735	---	---	517,735
Unassigned	25,948,638	---	---	25,948,638
Total fund balances	26,540,136	10,277,016	7,353,304	44,170,456
Total liabilities and fund balances	\$ 34,963,551	\$ 10,277,016	\$ 7,546,326	\$ 52,786,893

The accompanying notes to financial statements
are an integral part of these statements.

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

**Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position**

June 30, 2022

Total fund balances - governmental funds \$ 44,170,456

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

Cost of the assets	\$ 153,747,088	
Accumulated depreciation and amortization	<u>(44,008,922)</u>	109,738,166

The following are recorded as assets or liabilities on the statement of net position, but are not reported in the governmental funds

Net pension asset - WRS	(15,764,450)	
Net pension liability - Principal	555,910	
Net OPEB liability - life insurance	2,812,349	
Total supplemental pension liability	3,466,183	
Net OPEB liability	<u>226,183</u>	8,703,825

Deferred outflows and inflows of resources related to pension and OPEB plans are applicable to future periods, and therefore, are not reported in the governmental funds. (7,190,208)

Long-term obligations, are not due and payable in the current period, and therefore are not reported in the governmental funds. Long-term obligations at year-end consist of:

Bonds payable	70,755,000	
Financed purchases	619,419	
Lease liability	912,700	
Unamortized premium on debt issuance	2,805,190	
Compensated absences	<u>166,700</u>	(75,259,009)

Accrued interest payable on the bonds is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. (777,122)

Total net position - governmental activities \$ 79,386,108

The accompanying notes to financial statements
are an integral part of these statements.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Local	\$ 51,158,304	\$ (47,265)	\$ 10,808,337	\$ 61,919,376
Interdistrict	2,360,188	---	---	2,360,188
Intermediate	10,529	---	---	10,529
State	16,767,210	---	542	16,767,752
Federal	3,483,125	---	1,934,292	5,417,417
Other	292,532	---	1,650	294,182
Total revenues	74,071,888	(47,265)	12,744,821	86,769,444
Expenditures:				
Instruction:				
Current	39,712,836	---	716,007	40,428,843
Interdistrict	3,919,399	---	---	3,919,399
Capital outlay	156,955	---	67,899	224,854
Support Services:				
Current	25,446,486	2,537	2,865,432	28,314,455
Capital outlay	2,928,312	336,242	81,043	3,345,597
Debt service	---	---	7,819,562	7,819,562
Total expenditures	72,163,988	338,779	11,549,943	84,052,710
Excess (deficiency) of revenues over expenditures	1,907,900	(386,044)	1,194,878	2,716,734
Other Financing Sources (Uses):				
Operating transfers	(2,050,090)	1,555,000	495,090	---
Lease financing	667,292	---	---	667,292
Financed purchases	630,309	---	---	630,309
Total other financing sources (uses)	(752,489)	1,555,000	495,090	1,297,601
Net change in fund balances	1,155,411	1,168,956	1,689,968	4,014,335
Fund Balances - Beginning of year	25,384,725	9,108,060	5,663,336	40,156,121
Fund Balances - End of year	\$ 26,540,136	\$ 10,277,016	\$ 7,353,304	\$ 44,170,456

The accompanying notes to financial statements
are an integral part of these statements.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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

Total net change in fund balances - governmental funds \$ 4,014,335

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expenses.

Depreciation expense	\$ (4,757,686)	
Amortization expense on right-to-use leased assets	(536,922)	
Capital outlays	<u>3,570,451</u>	(1,724,157)

In the statement of activities, losses on the disposal of assets are shown, whereas in the governmental funds only the proceeds on the disposal (if any) are shown. (5,610)

Some of the capital assets acquired this year were financed with leases. The amount financed by lease is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position. (667,292)

Some of the capital assets acquired this year were acquired through financed purchases. The amount financed is reported in the governmental funds as a source of financing. On the other hand, the financed purchases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position. (630,309)

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bonds payable	5,350,000	
Lease liability	658,189	
Financed purchases	<u>620,377</u>	6,628,566

Amortization reduces the balance of the unamortized premium on debt issuance liability. The amortization is an expenditure in the statement of net position, but is not shown in the governmental funds. 311,961

In the statement of activities, other post-employment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources 609,634

In the statement of activities, supplemental pension benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources (473,043)

In the statement of activities, Principal pension benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. 819,614

In the statement of activities, the cost of pension and life insurance benefits earned net of employee contributions is reported as revenue (expenses). In the governmental funds however, expenditures for these items are measured by the amount of financial resources used.

Cost of WRS pension benefits earned net of employee contributions	1,332,504	
District WRS pension contributions	2,273,947	
Cost of OPEB - life insurance benefits earned net of employee contributions	(376,977)	
District OPEB - life insurance contributions	<u>9,739</u>	3,239,213

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. 130,844

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 46,065

Change in net position of governmental activities \$ 12,299,821

The accompanying notes to financial statements
are an integral part of these statements.

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Statement of Fiduciary Net Position

June 30, 2022

	<u>Employee Benefit Trusts</u>	<u>Employee Retirement Plan</u>
Assets:		
Cash	\$ 1,062,195	\$ ---
Investments	---	11,167,264
Total assets	<u>1,062,195</u>	<u>11,167,264</u>
Net position:		
Restricted	1,062,195	11,167,264
Total net position	<u>\$ 1,062,195</u>	<u>\$ 11,167,264</u>

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

	<u>Employee Benefit Trusts</u>	<u>Employee Retirement Plan</u>
Additions:		
Net investment earnings	\$ 1,698	\$ (1,707,172)
Contributions:		
Employer	---	555,000
Plan members	---	22,411
Total additions	<u>1,698</u>	<u>(1,129,761)</u>
Deductions:		
Benefits	194,418	937,336
Administrative expenses	300	---
Total deductions	<u>194,718</u>	<u>937,336</u>
Change in net position	(193,020)	(2,067,097)
Net position - beginning of year	<u>1,255,215</u>	<u>13,234,361</u>
Net position - end of year	<u>\$ 1,062,195</u>	<u>\$ 11,167,264</u>

The accompanying notes to financial statements
are an integral part of these statements.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022

1. Summary of Significant Accounting Policies

A. Introduction

The Oconomowoc Area School District (“District”) is organized as a common school district. The District, governed by a seven-member elected school board, is fiscally independent with taxing and borrowing powers. Services provided by the District are primary and secondary education and special education.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies used by the District are discussed below.

B. Component Units

GAAP require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District’s reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the general purpose financial statements. The District is not included in any other governmental reporting entity.

C. Basis of Presentation

District–Wide Statements

The statement of net position and the statement of activities present financial information about the District’s governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues have been classified to the function where the majority of the expenditures relating to it have been incurred. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund statements provide information about the District’s funds, including fiduciary funds. Separate statements for each fund category – governmental, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds; each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

1. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

General Fund - The General Fund is the operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in other funds. It is also used to account for activities associated with providing educational programs for students with disabilities.

Capital Projects Fund – This fund accounts for the financial resources of the District to be used for capital expenditures related to buildings and sites.

The District accounts for fiduciary activities for employee post-employment benefits in an employee benefit trust fund. The District accounts for custodial activities for the Oconomowoc Area School District Retirement Plan in an employee retirement plan fund.

D. Measurement Focus and Basis of Accounting

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

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

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Cash

The District's cash is considered to be cash on hand and demand deposits. Cash balances for individual funds are pooled unless maintained in segregated accounts.

F. Investments

The District's investments are stated at fair value, except for highly liquid market investments with maturities of one year or less at the time of purchase, which are stated at amortized cost. Market value is used for those securities for which market quotations are readily available. For securities that lack readily available market quotations, reasonable estimates of fair value are used based on the market value of similar investments. The District generally holds all investments until maturity or until market values equal or exceed cost.

As discussed in Footnote 2, the District categorizes the fair value measurements of its investments based on the hierarchy established by GAAP. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Equity Funds and Fixed Income: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Interest income on commingled investments of district accounting funds is allocated based on average investment balances. Adjustments necessary to record investments at fair value are recorded in the statement of activities, statements of revenues, expenditures and changes in fund balances and statement of changes in fiduciary net position as increases or decreases in investment income.

Investment balances for individual funds are pooled unless maintained in segregated accounts.

G. Receivables

Property taxes are recognized as revenues in the year for which they are budgeted. The District tax levy is certified in November of the current fiscal year for collection by the taxing municipalities based on the past October 1 full or "equalized" taxable property values. The District is paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. Under the Wisconsin Statutes, Dodge, Jefferson and Waukesha Counties purchase the outstanding property taxes of the District in August of each year. This statutory guarantee assures the District full collection of all property taxes within sixty days of its year end, and hence, the availability of these funds to finance expenditures of the fiscal year for which the taxes were levied.

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since management determined that such allowance would not be material.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

1. Summary of Significant Accounting Policies (Continued)

H. Interfund Transactions

The current portion of lending/borrowing arrangements between funds is identified as due to/from other funds. The noncurrent portion of outstanding balances between funds is reported as advances to/from other funds. Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources. The District does not have any advances between funds. Individual fund transfers and interfund receivables and payable activity for the year ending June 30, 2022 are as follows:

<u>Purpose</u>	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Transfers:			
Fund future capital projects	Capital Projects	General	\$ 1,555,000
Debt payments	Debt Service	General	495,090
			<u>\$ 2,050,090</u>
Receivables/Payables:			
Fund future capital projects	Capital Projects	General	\$ <u>1,555,000</u>

I. Capital Assets

Capital assets are reported at actual cost or estimated historical cost. Maintenance and repair costs are charged to expenses as incurred and betterments are capitalized as assets. Upon disposal of land, buildings and equipment, a gain or loss is reflected in the statement of activities. Property and equipment and related depreciation expense are not reflected in the Governmental Fund Financial Statements.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Site improvements	\$ 1,000	Straight-line	10 - 20 years
Buildings	1,000	Straight-line	50 years
Building improvements	1,000	Straight-line	15 - 20 years
Equipment and furniture	1,000	Straight-line	5 - 15 years

The District reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

J. Right to Use Assets

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

1. Summary of Significant Accounting Policies (Continued)

K. Other Assets

Prepaid insurance represents payments made by the District for which benefits extend beyond June 30th and have not yet been earned by the recipient. Inventory and prepaid supplies are valued at cost using the first-in/first-out (FIFO) method. Costs are recorded as expenditures at the time individual inventory items are consumed. Expendable supplies or noncapital items acquired for initial use in subsequent fiscal periods are recorded as prepaid expenses and/or inventories.

L. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the financial statements will sometimes report separate sections for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net assets that is applicable to a future reporting period(s) and thus, will not be recognized as an inflow of resources (revenue) until then.

M. Accumulated Unpaid Vacation and Sick Pay

Unused accumulated employee vacation is paid out upon retirement or termination of employment for certain classifications of employees. Sick leave can be accumulated up to a maximum of 100 days for certain classifications of employees, but accumulated hours are not paid out upon termination of employment. The District accrued that vacation leave which it deems probable of payout. The liability is reported on the government-wide financial statements. For governmental fund financial statements, the unpaid vacation expected to be paid using expendable available resources is reported as a liability. Compensated absences are generally liquidated by the general fund.

N. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net Investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund Balance

The GASB has defined the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- *Nonspendable* - amounts that cannot be spent either because they are not in spendable form and cannot be converted to cash or because they are legally or contractually required to be maintained intact.
- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

1. Summary of Significant Accounting Policies (Continued)

O. Fund Balance (Continued)

- *Committed* - amounts that can be used only for specific purposes determined by a formal action of the School Board prior to year-end. The School Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the School Board.
- *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, the School Board has authorized the Business Manager to assign funds.
- *Unassigned* - the residual classification for the General Fund (fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund), and deficit fund balances within other funds.

Order of Fund Balance Spending Policy: The District has established the following order of spending when various funding sources exist: (1) Restricted, (2) Committed, (3) Assigned, (4) Unassigned.

Minimum fund balance policy: The District shall strive to maintain an unassigned year-end fund balance in the general fund that is equivalent to at least 15% of the anticipated general fund expenditure budget for the subsequent fiscal year with a goal of reaching a level where short-term borrowing for operations is not necessary.

P. Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Pensions

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

R. Other Post-Employment Benefits (OPEB) – Life Insurance

The fiduciary net position of the Local Retiree Life Insurance Fund ("LRLIF") has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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. OPEB is generally liquidated by the general fund.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements

June 30, 2022

(Continued)

1. Summary of Significant Accounting Policies (Continued)

S. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through the date the financial statements were available to be distributed (December 8, 2022). Except for the subsequent lease agreement and finance purchase arrangement discussed in note 4, there were no subsequent events that required recognition or disclosure.

T. Implementation of GASB Statement No. 87

For fiscal year 2022, the District implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of GASB Statement No. 87 had the following effect on net position as reported June 30, 2021:

Net Position June 30, 2021	\$	67,086,287
Adjustments:		
Net book value leased assets		903,597
Lease liability		<u>(903,597)</u>
Restated Net Position June 30, 2021	\$	<u>67,086,287</u>

This adjustment had no effect on the beginning net position since the net book value of leased assets equals the amount of lease liability.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

2. Cash and Investments

Cash and investments as shown on the District's statement of net position are subject to the following risks:

	<u>Custodial Balance</u>	<u>Carrying Amount</u>	<u>Risks</u>
Cash:			
Demand deposits	\$ 5,815,346	\$ 4,669,873	Custodial
Petty cash	---	100	
Investment:			
Wisconsin Investment Series Coop (WISC):			
Certificates of deposit	1,992,619	1,992,619	Custodial and interest rate
Cash Management Series	23,365,153	23,365,153	Custodial, credit and interest rate
Investment Series Fund	3,038,446	3,038,446	Custodial, credit and interest rate
Limited Term Duration	5,373,669	5,373,669	Custodial, credit and interest rate
Oconomowoc Area School District Retirement Plan:			
Principal Investments:			
Equity funds	6,898,961	6,898,961	Custodial
Fixed income (bond funds)	3,340,791	3,340,791	Custodial and interest rate
Other fixed income	927,512	927,512	Custodial
Total cash and investments	\$ 50,752,497	\$ 49,607,124	

Reconciliation to Financial Statements:

Per statement of net position:

Cash	\$ 3,607,778
Investments	33,769,887

Per statement of fiduciary net position:

Cash	1,062,195
Investments	11,167,264
Total cash and investments	\$ 49,607,124

Deposits in each local and area bank are insured by the Federal Deposit Insurance Corporation ("FDIC") in the amount of \$250,000. Deposits in each local and area bank, are also insured by the State Deposit Guarantee Fund ("SDGF") in the amount of \$400,000 per financial institution. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual districts.

Custodial Risk: Is the risk that, in the event of a financial institution failure, the District's deposits may not be returned to the District. The District's carrying value for cash and the WISC Investments were \$38,439,760 at June 30, 2022 and the custodians' carrying value was \$39,585,233, of which \$1,050,000 was fully insured and \$38,535,233 was uninsured and uncollateralized. The Principal investments are all uninsured and uncollateralized. The District does not have a policy regarding custodial risk for deposits.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements

June 30, 2022

(Continued)

2. Cash and Investments (Continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits the maturity of any security to no more than seven years from the date of purchase or in accordance with state statutes.

Average effective duration provides a measure of a fund's interest rate sensitivity. The higher the average effective duration the greater the risk that the fund's value will change as interest rates change. The average effective duration of the Limited Term Duration Series held by WISC is 0.90. The average effective duration of the fixed income (bond funds) range from 4.34 to 6.52.

As of June 30, 2022, the certificates of deposit had the following maturities (in years):

<u>Investment Type</u>	<u><1</u>	<u>1 - 5</u>	<u>Total</u>
Certificates of Deposit	\$ 1,245,619	\$ 747,000	\$ 1,992,619

The Cash Management Series has no minimum investment period, allows check writing privileges, and the average weighted maturity managed at sixty days or less. The Investment Series Fund are pooled funds investing in U.S. government obligations, agencies and commercial paper. The Investment Series Fund requires a 14-day minimum investment period and one business day withdrawal notice, and the average weighted maturity managed at sixty days or less. The Limited Term Duration requires the District maintain a minimum balance of \$100,000 and Quarterly withdrawals available on the third Wednesday of each month upon at least two weeks advance notice

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. This is measured by assignment of a rating by a nationally recognized rating organization. The District's investment policy minimized credit risk by limiting investments to the safest type of securities. The District's policy is that all investment transactions shall be planned to avoid loss of capital from credit risk. The WISC investments were rated as follows:

<u>Investment</u>	<u>Average Credit Quality</u>
Cash Management Series	AAAm
Investment Class	AAAm
Limited Term Duration Series	AA

Separate accounts held at The Principal Financial Group are commingled pools, rather than individual securities. As a result, these accounts are not rated. Accounts held at The Principal Financial Group are not subject to concentration of credit risk, custodial credit risk or foreign currency risk.

At June 30, 2022 the Oconomowoc Area School District Retirement Plan had over 5% of net position invested in the following:

Principal Global Investors – Equity income SEP Acct	\$ 1,686,787
Principal Global Investors – Large Cap S&P 500 Index	711,959
T. Rowe Price/Brown Advisory – Large Cap Growth 1 SEP Acct	1,727,881
Principal Global Investors – Diversified Intl SEP Acct	1,025,962
Principal Global Investors – Bond Market Index SEP Acct	711,543
Principal Global Investors – Core Fixed Income SEP Acct	2,362,507
Principal Real Estate – US Property	927,512

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 2 or Level 3 inputs.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

2. Cash and Investments (Continued)

The following summarizes the classification of investments within the statement of net position by classification and method of valuation in accordance with the requirements of accounting principles generally accepted in the United States of America for the year ending June 30, 2022:

	Fair Value			Exempt from Disclosure	Total
	Level 1	Level 2	Level 3		
WISC	\$ ---	\$ ---	\$ ---	\$ 33,769,887	\$ 33,769,887
Equity funds	6,898,961	---	---	---	6,898,961
Fixed income (bond funds)	3,340,791	---	---	---	3,340,791
Other fixed income	927,512	---	---	---	927,512
Total	\$ 11,167,264	\$ ---	\$ ---	\$ 33,769,887	\$ 44,937,151

WISC investments are exempt from fair value disclosure due to investments being valued at amortized cost.

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 Intergovernmental Cooperation Statutes, Section 66.0301. 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.

A separate financial report for WISC is prepared in accordance with GASB. Copies of the report can be obtained by contacting the Wisconsin Investment Series Cooperative.

Wisconsin Statute 66.0603 authorizes the District to invest in the following types of instruments:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. agencies)
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district
- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes or bonds issued by the University of Wisconsin Hospitals or Clinics Authority
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency
- Securities of open-end management investment companies or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options
- A local government investment pool, subject to certain conditions

The District has adopted an investment policy which permits all investments allowed under the state statutes as described above.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

3. Capital Assets

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

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>Balance June 30, 2022</u>
Capital assets not being depreciated					
Sites	\$ 5,079,668	\$ ---	\$ ---	\$ ---	\$ 5,079,668
Construction in progress	427,077	1,794,708	---	(885,596)	1,336,189
Total capital assets not being depreciated	5,506,745	1,794,708	---	(885,596)	6,415,857
Capital assets being depreciated					
Site improvements	6,826,514	33,190	---	---	6,859,704
Building and improvements	126,625,672	24,534	---	885,596	127,535,802
Furniture and equipment	9,780,095	1,050,727	33,067	---	10,797,755
Total capital assets being depreciated	143,232,281	1,108,451	33,067	885,596	145,193,261
Less accumulated depreciation	38,174,690	4,757,686	27,457	---	42,904,919
Total capital assets being depreciated, net of accumulated depreciation	105,057,591	(3,649,235)	(5,610)	885,596	102,288,342
Intangible right-to-use assets:					
Leased equipment (1)	1,479,767	667,292	9,089	---	2,137,970
Less accumulated amortization(1)	576,170	536,922	9,089	---	1,104,003
Net intangible right-to-use assets	903,597	130,370	---	---	1,033,967
Governmental activities capital assets, net of accumulated depreciation	\$ 111,467,933	\$ (1,854,527)	\$ (5,610)	\$ ---	\$ 109,738,166

(1) See note 1.T for adjustments to the beginning right to use assets as a result of implementing GASB 87, *Leases*.

Depreciation and amortization expense is allocated as follows on the Statement of Activities.

	<u>Depreciation</u>	<u>Amortization</u>
Regular instruction	\$ 142,348	\$ ---
Special education instruction	5,211	---
Vocational instruction	15,515	---
Other instruction	139,006	---
Pupil services	8,626	---
Instructional staff services	517,641	536,922
General administrative services	83,537	---
Operation and maintenance of plant	367,927	---
Pupil transportation	14,944	---
Food service	58,623	---
Central service	87,919	---
Unallocated depreciation	3,316,389	---
Total depreciation expense	\$ 4,757,686	\$ 536,922

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

4. Long-Term Liabilities

Long-term liabilities of the District are as follows:

Type	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts due within one year
G.O. Bonds	\$ 76,105,000	\$ ---	\$ 5,350,000	\$ 70,755,000	\$ 5,495,000
Unamortized premium	3,117,151	---	311,961	2,805,190	---
Financed purchases	609,487	630,309	620,377	619,419	318,341
Lease liability (1)	903,597	667,292	658,189	912,700	526,542
Compensated absences	297,544	405,415	536,259	166,700	---
Total	\$ 81,032,779	\$ 1,703,016	\$ 7,476,786	\$ 75,259,009	\$ 6,339,883

(1) See Note 1.T for adjustments to the beginning lease obligation balance as a result of implementing GASB 87, *Leases*.

Total interest paid and expensed (including accrual) during the year for the year ended June 30, 2022 on long-term liabilities was \$2,504,839 and \$2,458,774, respectively.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The long-term debt will be retired by future property tax levies and resources accumulated in the Debt Service Fund.

Long-term general obligation debt at June 30, 2022 is comprised of the following individual issues:

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance June 30, 2022
\$4,570,000 G.O. Refunding Bond	9/17/14	2.00 – 3.15 %	3/1/26	\$ 1,865,000
\$10,000,000 G.O. Refunding Bond	9/17/14	1.00 – 3.00	4/1/27	9,115,000
\$25,570,000 G.O. Refunding Bond	4/9/15	2.00 – 3.00	4/1/25	12,000,000
\$8,885,000 G.O. Refunding Bond	12/29/16	3.50	4/1/36	8,885,000
\$28,280,000 G.O. Refunding Bond	5/15/17	2.00 – 3.20	4/1/33	18,900,000
\$19,990,000 G.O. Refunding Bond	4/20/18	3.30	4/1/38	19,990,000
Total				\$ 70,755,000

The 2021 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$6,902,210,204. The legal debt limit and margin of indebtedness as of June 30, 2022, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes follows:

Debt limit (10% of \$6,902,210,204)	\$ 690,221,020
Deduct long-term debt applicable to debt margin	<u>70,755,000</u>
Margin of indebtedness	<u>\$ 619,466,020</u>

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

4. Long-Term Liabilities (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest on general obligation debt and capital leases as of June 30, 2022 follow:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,495,000	\$ 2,331,325	\$ 7,826,325
2024	5,655,000	2,183,106	7,838,106
2025	5,835,000	2,014,234	7,849,234
2026	6,025,000	1,828,459	7,853,459
2027	5,735,000	1,620,681	7,355,681
2028-2032	19,740,000	5,742,065	25,482,065
2033-2037	20,255,000	2,266,073	22,521,073
2038	2,015,000	69,518	2,084,518
Totals	\$ 70,755,000	\$ 18,055,461	\$ 88,810,461

Lease agreements are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Lease Term</u>	<u>Payment Frequency</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2022</u>
SLI Postage Machine	11/28/2017	5 years	Quarterly	\$ 4,061	1.99%	\$ 635
OHS Postage Machine	2/18/2020	5 years	Quarterly	905	1.74%	9,699
NHI Postage Machine	3/27/2018	5 years	Quarterly	282	2.54%	1,112
Ricoh Copiers	2/25/2020	4 years	Monthly	5,727	1.73%	118,374
Ricoh Copiers	8/2/2018	4 years	Monthly	417	2.76%	832
Ricoh Copiers	11/18/2021	4 years	Monthly	1,026	1.08%	43,264
Ricoh Copiers	11/18/2021	4 years	Monthly	291	1.08%	12,813
Ricoh Copiers	12/4/2020	4 years	Monthly	4,207	0.48%	133,754
HP - Computers	10/1/2021	3 years	Annually	150,950	0.91%	297,830
HP - Computers	9/1/2020	3 years	Annually	186,900	0.35%	186,248
HP - Computers	4/1/2022	3 years	Annually	55,590	1.87%	108,139
						\$ 912,700

Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 526,542	\$ 7,475	\$ 534,017
2024	324,500	3,493	327,993
2025	51,896	281	52,177
2026	9,762	38	9,800
Total	\$ 912,700	\$ 11,287	\$ 923,987

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

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June 30, 2022
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4. Long-Term Liabilities (Continued)

Subsequent to year-end, the District entered into a new lease agreement for computers and related hardware components. The lease term is 3 years with annual payments in the amount of \$144,708. The discount rate used to measure the lease liability (\$409,875) is 2.93%. Future payments on the new lease are summarized in the following table:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 132,699	\$ 12,009	\$ 144,708
2024	136,587	8,121	144,708
2025	140,589	4,119	144,708
Total	<u>\$ 409,875</u>	<u>\$ 24,249</u>	<u>\$ 434,124</u>

The District's long-term obligations include financed purchase arrangements, summarized as follows:

Description	Purchase Date	Loan Term	Payment Frequency	Payment Amount	Interest Rate	Balance June 30, 2022
HP- staff and student devices	10/1/2020	3 years	Annually	\$ 140,729	3.31%	\$ 136,226
HP – network infrastructure	10/1/2020	5 years	Annually	34,569	3.04%	97,709
HP – network infrastructure	10/1/2019	5 years	Annually	15,122	4.33%	28,388
HP- staff and student devices	9/1/2021	5 years	Annually	42,611	3.29%	157,303
HP- staff and student devices	7/1/2021	3 years	Annually	30,171	3.44%	57,484
HP- staff and student devices	2/1/2022	31 months	Annually	74,526	3.44%	142,309
						<u>\$ 619,419</u>

Future minimum payments on the financed purchase arrangements are as follows:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 318,341	\$ 19,386	\$ 337,727
2024	186,333	10,666	196,999
2025	73,490	3,689	77,179
2026	41,255	---	41,255
Total	<u>\$ 619,419</u>	<u>\$ 33,741</u>	<u>\$ 653,160</u>

Subsequent to year-end, the District entered into a new financed purchase agreement for computers at purchase price of \$237,127. The financed purchase agreement carries an interest rate of 3.70% and requires three annual payments of \$81,932. Future minimum payments on the new purchase agreement is summarized in the below table:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 81,932	---	\$ 81,932
2024	76,187	5,745	81,932
2025	79,008	2,924	81,932
Total	<u>\$ 237,127</u>	<u>\$ 8,669</u>	<u>\$ 245,796</u>

OCONOMOWOC AREA SCHOOL DISTRICT
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Notes to Financial Statements
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(Continued)

5. Fund Balances

As of June 30, 2022, fund balance components other than unassigned fund balances consist of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Assigned</u>
General fund:			
Prepaid expenditures	\$ 30,807	\$ ---	\$ ---
Unspent Get Kids Ahead funding	---	42,956	---
OHS Rux Stadium home bleacher replacement project	---	---	517,735
Other special revenue fund	---	1,077,225	---
Food service program	---	1,801,958	---
Debt service	---	4,474,121	---
Capital projects	---	10,277,016	---
Total	\$ 30,807	\$ 17,673,276	\$ 517,735

6. Defined Benefit Pension Plan - WRS

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 (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

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

Vesting

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

Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/16) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

OCONOMOWOC AREA SCHOOL DISTRICT
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Notes to Financial Statements
June 30, 2022
(Continued)

6. Defined Benefit Pension Plan – WRS (Continued)

Benefits Provided (Continued)

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

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

The WRS also provides death and disability benefits for employees.

Post-Retirement Adjustments

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

The Core and Variable annuity adjustments granted during recent years are as follows:

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

OCONOMOWOC AREA SCHOOL DISTRICT
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Notes to Financial Statements
June 30, 2022
(Continued)

6. Defined Benefit Pension Plan – WRS (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, and 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 for 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 \$2,273,947 in contributions from the employer.

Contribution rates as of June 30, 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%

Pension Asset, Pension Expense and Deferred Outflows and Inflows of Resources

At June 30, 2022, the District reported an asset of \$15,764,450 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.1956%, which was an increase of 0.0089% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense (revenue) of \$(1,332,504).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,466,672	\$ 1,836,422
Changes in assumptions	2,941,107	---
Net difference between projected and actual earnings on pension plan investments	---	35,266,386
Changes in proportion and differences between employer contributions and proportionate share of contributions	125,240	124,893
Employer contributions subsequent to the measurement date	1,118,207	---
Total	<u>\$ 29,651,226</u>	<u>\$ 37,227,701</u>

OCONOMOWOC AREA SCHOOL DISTRICT
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Notes to Financial Statements
June 30, 2022
(Continued)

6. Defined Benefit Pension Plan – WRS (Continued)

Pension Asset, Pension Expense and Deferred Outflows and Inflows of Resources (Continued)

The amount of \$1,118,207 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date and 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 and inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

<u>Year Ended June 30,</u>	
2023	\$ (709,498)
2024	(4,260,119)
2025	(1,899,856)
2026	(1,825,209)

Actuarial Assumptions

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

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

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

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

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

OCONOMOWOC AREA SCHOOL DISTRICT
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Notes to Financial Statements
June 30, 2022
(Continued)

6. Defined Benefit Pension Plan – WRS (Continued)

The target allocation and best estimates of geometric real rates of return for each major asset class as of December 31, 2021 are summarized in the following table:

Asset Allocation Targets and Expected Returns¹
As of December 31, 2021

<u>Core Fund Asset Class</u>	<u>Current Asset Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>	<u>Long-Term Expected Real Rate of Return²</u>
Global Equities	52.0%	6.8%	4.2%
Fixed Income	25.0	4.3	1.8
Inflation Sensitive	19.0	2.7	0.2
Real Estate	7.0	5.6	3.0
Private Equity/Debt	12.0	9.7	7.0
Total Core Fund ³	115.0	6.6	4.0
<u>Variable Fund Asset Class</u>			
U.S. Equities	70.0%	6.3%	3.7%
International Equities	30.0	7.2	4.6
Total Variable Fund	100.0	6.8	4.2

¹Asset Allocations are managed within established ranges, target percentages may differ from actual monthly allocations

²New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.5%

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

Single Discount Rate. A single discount rate of 6.80% was used to measure the total pension liability, as opposed to a discount rate of 7.00% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities). Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.70% 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.

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Notes to Financial Statements
June 30, 2022
(Continued)

6. Defined Benefit Pension Plan – WRS (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 6.80 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase To Discount Rate (7.80%)
District's proportionate share of the net pension (asset) liability	\$ 11,185,995	\$ (15,764,450)	\$ (35,163,756)

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

Payables to the pension plan at June 30, 2022 were \$914,677. This represents contributions earned as of June 30, 2022, but for which payment was not remitted to the pension plan until subsequent to year-end.

7. Oconomowoc Area School District Retirement Plan

Description of Plan

The Oconomowoc Area School District Retirement Plan ("OASD Retirement Plan") is a single-employer defined benefit pension plan sponsored by the Oconomowoc Area School District.

There are no non-employer contributing entities or special funding situations, as defined by GASB 67 and 68, for this plan.

The Board of Education of the Oconomowoc Area School District has the authority to modify the plan.

Employees participating in the OASD Retirement Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

Active plan members	7
Inactive plan members entitled to but not yet receiving benefits	33
Disabled plan members entitled to benefits	1
Retired plan members or beneficiaries currently receiving benefits	73
Total plan members	114

The OASD Retirement Plan is closed to new entrants as of August 13, 2012.

OCONOMOWOC AREA SCHOOL DISTRICT
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Notes to Financial Statements
June 30, 2022
(Continued)

7. Oconomowoc Area School District Retirement Plan (Continued)

Plan Benefits

The following is a summary of plan provisions:

Plan Eligibility	
Class	Immediate plan entry on date of hire. An eligible employee means a full-time, non-certified staff employee of the employer and excludes an employee customarily employed by the employer for less than 10 months per year or an employee who participates in the Wisconsin Retirement System by nature of his employment with the employer. Entry into the plan was frozen effective 08/13/2012. After that date, no employee or former employee shall become an active participant, and no inactive participant or former participant shall again become an active participant.
Normal Retirement Benefit	
Age	Attained age 65
Service	One year as active participant in plan
Form	Monthly annuity payable for life
Amount (accrued benefit)	1.8% of average compensation times credited service. Maximum benefit equal to 70% of average compensation An active participant's retirement benefit under the normal form on his retirement date will not be less than the greater of his Required Contribution Accrued Benefit on his retirement date, or the monthly benefit under the normal form that is the actuarial equivalent of his Required Contribution Account on such date.
Early Retirement Benefit	
Requirements	Earlier of a) or b): a) Age 58 with 20 years of continuous experience b) Age 60 with 15 years of continuous experience
Form	Same as normal retirement benefits
Amount	Accrued benefit on early retirement date without reduction
Late Retirement Benefit	
Age	No maximum age
Form	Same as normal retirement benefit
Amount	Accrued benefit on late retirement date
Termination Benefit	
Vesting percentage	On or subsequent to six years of service 20%, plus 20% for each additional year in excess of six, up to 100%
Form	Same as Normal Retirement Benefit with income deferred until Normal Retirement Date
Amount	Accrued benefit on date of termination multiplied by vesting percentage
Disability Benefit	
Age	Attained age 45
Service	Ten years of continuous service
Form	Monthly income payable until normal retirement, death or recovery
Amount	Accrued benefit as of date of disability adjusted for any plan benefit increases effective prior to retirement date Service while a participant is receiving a monthly disability benefit counts towards continuous service. This also applies to participants who are on long-term disability but not yet eligible for a monthly annuity.
Death benefit	
Active participants	Present value of the deferred Accrued Benefit payable immediately. Interest will be credited at 4% compounded annually from the date of death to the date of payment if over one year.
Inactive participants	Present value of the deferred Accrued Benefit calculated at date of termination with interest credited at 4% compounded annually to date of death.

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Notes to Financial Statements
June 30, 2022
(Continued)

7. Oconomowoc Area School District Retirement Plan (Continued)

Contributions

The basis for determining contributions is an actuarially determined contribution rate that is calculated each year in the plan's actuarial valuation report. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses.

In accordance with the plan's governing document, employees may be required to contribute to the plan.

Participating employees are currently required to contribute 5.00% of salary.

For the year ended June 30, 2022, the District recognized OASD Retirement Plan contributions of \$555,000. Plan members receiving benefits contributed \$22,411.

Net Pension Liability

The District's net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the same date. Changes in the District's net pension liability were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance 6/30/21 - measurement date 6/30/20	\$ 13,769,589	\$ 10,736,223	\$ 3,033,366
Benefit payments made in the prior fiscal year	(910,633)	(910,633)	---
Service cost	45,253	---	45,253
Interest	800,122	---	800,122
Differences between expected and actual	154,876	---	154,876
Change in assumptions or other input	(68,936)	---	(68,936)
Employee contributions	---	25,736	(25,736)
Employer contributions	---	555,000	(555,000)
Net investment income	---	2,832,535	(2,832,535)
Administrative expenses	---	(4,500)	4,500
Net changes	<u>20,682</u>	<u>2,498,138</u>	<u>(2,477,456)</u>
Balance 6/30/22 - measurement date 6/30/21	\$ 13,790,271	\$ 13,234,361	\$ 555,910

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Notes to Financial Statements
June 30, 2022
(Continued)

7. Oconomowoc Area School District Retirement Plan (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions

At June 30, 2022, the District reported a liability of \$555,910 for the OASD Retirement Plan net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. No material changes to benefit terms occurred between the actuarial valuation date and the measurement date.

For the year ended June 30, 2022, the District recognized pension expense (revenue) of \$264,614.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ ---	\$ ---
Changes in assumptions	---	---
Net difference between projected and actual earnings on pension plan investments	---	1,604,452
Changes in proportion and differences between employer contributions and proportionate share of contributions	---	---
Employer contributions subsequent to the measurement date	555,000	---
Total	\$ 555,000	\$ 1,604,452

The amount of \$555,000 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2023	\$ (421,607)
2024	(369,514)
2025	(373,848)
2026	(439,483)

OCONOMOWOC AREA SCHOOL DISTRICT
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Notes to Financial Statements
June 30, 2022
(Continued)

7. Oconomowoc Area School District Retirement Plan (Continued)

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2021
Measurement Date of Net Pension Liability:	June 30, 2021
Asset method:	Market value of assets, as of the measurement date
Discount Rate and basis:	Beginning of period 6.00% Long-term rate of return assumption End of period 6.00% Long-term rate of return assumption
Municipal bond rate and basis:	3.06% Bloomberg Barclays Municipal GO Long Term (17+ Y) Index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as of the measurement date.
Actuarial Cost Method:	Entry age normal cost method, level percent of pay. Attribution is made on an individual basis, beginning with the first period in which the employee's service accrues pension benefit through all assumed exit ages, through retirement.
Interest rate of employee accumulations:	4.00% as defined in plan document
Inflation:	2.25% increase per year
Upcoming salary increases:	Table S-5 from the Actuary's Pension Handbook plus 1.5%
Compensation limit increase:	2.25% increase per year
Mortality:	Based on PubG-2010 General base rate mortality table projected to future years with historical and assumed mortality improvement (MI) rates using the MP-2020 mortality improvement scale.

The following changes in actuarial assumption have been made since the prior measurement date:

- The mortality table was updated from PubG-2010 General MP-2019 to PubG-2010 General MP-2020.

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Notes to Financial Statements
June 30, 2022
(Continued)

7. Oconomowoc Area School District Retirement Plan (Continued)

Long-Term Rate of Return

The expected long-term rate of return assumption as of the end of period is 6.00%.

The actual weighted average asset allocation for the four quarterly dates from 09/30/2020 to 6/30/2021 is used as an approximation of the plan's target asset allocation over the upcoming period and is shown below. Based on this analysis we believe the assumption selected is in the range of reasonable rates that could be used for this period.

<u>Asset Class</u>	<u>Expected arithmetic return</u>	<u>Expected geometric return</u>	<u>Target allocation %</u>
US Equity – Large Cap	7.70%	6.20%	37.09%
US Equity – Mid Cap	8.00	6.20	4.13
US Equity – Small Cap	8.55	6.20	2.06
Non-US Equity	8.00	6.20	22.02
REITs	7.30	5.65	0.00
Real Estate (direct property)	5.35	5.00	5.59
TIPS	2.35	2.15	0.00
Core Bond	2.70	2.55	26.92
High Yield Bond	4.65	4.20	2.20

Basis used to determine expected long-term return on plan assets

The Capital Market Assumptions used were developed focusing on forward-looking market indicators and valuation models, as well as utilizing the analysis of historical data and trends, the outlook and forecasts from credible economic studies, and investment expert opinions.

The long-term rate of return assumptions as of the beginning of the period was 6.00%.

Money-Weighted Rate of Return

The money-weighted rate of return is calculated as a rate of return on pension plan investments incorporating the actual timing and amount of cash flows. This return is calculated net of investment expenses.

The annual money-weighted rate of return on plan investments for the measurement period is 26.76%.

Discount Rate

The discount rate used to determine the end of period Total Pension Liability is 6.00%.

The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2021 to 2103. Benefit payments after 2103 are projected to be \$0.

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Notes to Financial Statements
June 30, 2022
(Continued)

7. Oconomowoc Area School District Retirement Plan (Continued)

Discount Rate (Continued)

The long-term rate of return of 6.00% is used to calculate the actuarial present value of projected payments for each future period when the projected Fiduciary Net Position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 3.09% is used. The municipal bond rate is from Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the June 30, 2021 measurement date. The discount rate is a single rate that incorporates the long-term rate of return and municipal bond rate as described.

Sensitivity of the District's net pension liability to changes in the discount rate. The following presents the District's net pension liability calculated using the discount rate of 6.00 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease to Discount Rate (5.00%)	Current Discount Rate (6.00%)	1% Increase To Discount Rate (7.00%)
District's proportionate share of the net pension (asset) liability	\$ 2,075,701	\$ 555,910	\$ (712,019)

8. Other Post-Employment Benefits – Life Insurance

Plan Description

The Local Retiree Life Insurance Fund (“LRLIF”) is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (“ETF”) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

OPEB - LRLIF Plan Fiduciary Net Position

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

Benefits provided

The LRLIF plan provides fully paid up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

8. Other Post-Employment Benefits – Life Insurance (Continued)

Contributions (Continued)

Employers are required to pay the following contributions based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates as of June 30, 2022 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement Coverage	20% of employee contribution

Employee contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating employees must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The employee contribution rates in effect for the year ended December 31, 2021 are as listed below:

Life Insurance Employee Contribution Rates* For the year ended December 31, 2021

Attained Age	Basic	Supplemental
Under 30	\$0.05	\$0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

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

During the reporting period, the LRLIF recognized \$9,739 in contributions from the employer.

OPEB Liabilities – Life Insurance, OPEB Expense – Life Insurance, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Life Insurance

At June 30, 2022, the District reported a liability of \$2,812,349 for its proportionate share of the net OPEB liability – life insurance. The net OPEB liability – life insurance was measured as of December 31, 2021, and the total OPEB liability – life insurance used to calculate the net OPEB liability – life insurance was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District’s proportion of the net OPEB liability – life insurance was based on the District’s share of contributions to the OPEB – life insurance plan relative to the contributions of all participating employers. At December 31, 2021, the District’s proportion was 0.4758%, which was a decrease of 0.0095% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$376,977.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

8. Other Post-Employment Benefits – Life Insurance (Continued)

OPEB Liabilities – Life Insurance, OPEB Expense – Life Insurance, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – Life Insurance (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ ---	\$ 143,062
Net difference between projected and actual earnings on OPEB – life insurance plan investments	36,591	---
Changes in assumptions	849,708	136,316
Changes in proportion and differences between employer contributions and proportionate share of contributions	133,355	31,768
Employer contributions subsequent to the measurement date	4,753	---
Total	\$ 1,024,407	\$ 311,146

The amount of \$4,753 reported as deferred outflows related to OPEB – life insurance resulting from the District’s contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability – life insurance in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB – life insurance will be recognized in OPEB – life insurance expense as follows:

Year Ended June 30,		Deferred Outflows (Inflows) of Resources
2023	\$	165,202
2024		160,957
2025		146,371
2026		169,587
2027		70,924
2028		(4,533)

Actuarial assumptions

The total OPEB liability – life insurance in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net OPEB Liability (Asset) – Life Insurance:	December 31, 2021
Experience Study:	January 1, 2018 – December 31, 2020, Published November 18, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases	
Inflation:	3.00%
Seniority/Merit:	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

8. Other Post-Employment Benefits – Life Insurance (Continued)

Actuarial assumptions (Continued)

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

Long-term expected Return on Plan Asset. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

Local OPEB – ETF Life Insurance
Asset Allocation Targets and Expected Returns
As of December 31, 2021

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Intermediate Credit Bonds	Bloomberg US Interm Credit	45%	1.68%
US Credit Bonds	Barclays Credit	5%	1.82%
US Mortgages	Barclays MBS	50%	1.94%
Inflation			2.30%
Long-Term Expected Rate of Return			4.25%

The long term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

Single Discount rate. A single discount rate of 2.17% was used to measure the total OPEB liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

8. Other Post-Employment Benefits – Life Insurance (Continued)

Actuarial assumptions (Continued)

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members prior to age 65.

Sensitivity of the District's proportionate share of the net OPEB liability – life insurance to changes in the discount rate. The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 2.17 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
District's proportionate share of the net OPEB liability – life insurance	\$ 3,815,344	\$ 2,812,349	\$ 2,057,637

Payables to the OPEB – Life Insurance Plan

There were no payables to the OPEB – life insurance plan at June 30, 2022.

9. Supplemental Pension Plan

Description of Plan and Plan Benefits

The District administers a single-employer defined benefit supplemental pension plan to eligible employees. Eligible employees shall receive an annual contribution to a TSA plan upon retirement. Contribution requirements are established through personnel policy guidelines and may be amended by action of the governing board.

Employees participating in the supplemental pension plan consisted of the following at July 1, 2022, the date of the latest actuarial valuation:

Active employees	78
Retirees currently receiving benefit payments	68
Retirees entitled to but not yet receiving benefits	0
Number of participating employees	146

Benefit Payments

For fiscal year 2022, the District paid \$473,306 for supplemental pensions as benefits came due.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

9. Supplemental Pension Plan (Continued)

Total Supplemental Pension Liability

The District recognizes its *total supplemental pension liability*, rather than a *net supplemental pension liability*. In order for the District to recognize a *net supplemental pension liability*, assets must be accumulated in a trust that meets all of the following criteria:

- Contributions from the employer and any non-employer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, non-employer contributing entities, the plan administrator, and plan members.

No assets are accumulated in a trust that meets all of the above criteria because the District's contributions are not irrevocable. Accordingly, the District's total supplemental pension liability is not reduced by any assets accumulated in a trust that meets the criteria and the District must report its total supplemental pension liability.

The District's total supplemental pension liability was determined by an actuarial valuation as of July 1, 2022, using a measurement date of June 30, 2022. Changes in the District's total supplemental pension liability were as follows:

Balance 6/30/21 - measurement date 6/30/21	\$	3,021,877
Changes for the year:		
Service cost		61,186
Interest		61,275
Benefit payments		(473,306)
Changes of assumptions or other input		(78,223)
Differences between expected and actual experience		873,374
Net changes		444,306
Balance 6/30/22- measurement date 6/30/22	\$	3,466,183

Actuarial Assumptions

Actuarial assumptions used to determine the total supplemental pension liability as of June 30, 2022 were based upon Wisconsin Retirement System ("WRS") experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Key assumptions, applied to all periods included in the measurement, are as follows:

Valuation date	July 1, 2022	
Measurement and reporting date	June 30, 2022	
Actuarial cost method	Entry age normal (level percent of pay)	
Discount rate	<u>Beginning of Year</u>	<u>End of Year</u>
Discount rate	2.20%	3.54%
Municipal bond rate	2.20%	3.54%
Municipal bond rate source	The 20-Bond GO Index which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.	
Total payroll increases	2.00%	
Retirement rates, termination rates, disability rates, and mortality rates	Based on rates from Wisconsin Retirement System Experience Study Report for Public Schools Dated November 19, 2021	

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

9. Supplemental Pension Plan (Continued)

Discount Rate

The following presents the total supplemental pension liability calculated using the discount rate of 3.54%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1% lower (2.54%) or 1% higher (4.54%) than the current rate:

	1% Decrease to Discount Rate (2.54%)	Current Discount Rate (3.54%)	1% Increase to Discount Rate (4.54%)
Total supplemental pension liability	\$ 3,528,322	\$ 3,466,183	\$ 3,403,993

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Supplemental Pensions

For the year ended June 30, 2022, the District recognized pension expense of \$946,349.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 604,952	---
Changes of assumptions or other input	117,898	21,125
Total	\$ 722,850	21,125

Amounts reported as deferred outflows and inflows of resources related to supplemental pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2023	\$ 458,235
2024	243,490

10. Other Postemployment Benefits

Description of Plan and Plan Benefits

The District administers a single-employer defined benefit healthcare plan. The District offers voluntary retirement benefits to its teachers, administrators, administrative assistants, custodians and other full-time employees who have met the age and years of service requirements. In addition, the District's group health insurance plan provides coverage to active employees and retirees (or other qualified terminated employees) at blended premium rates. Both of these result in an other postemployment benefit ("OPEB"), the later commonly referred to as an implicit rate subsidy.

The Oconomowoc Area School District Post-Employment Benefits Trust is a trust set up by the District to accumulate funds for the payment of the District's OPEB. The trust does not require any employee contributions.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

10. Other Postemployment Benefits (Continued)

Covered Employees

Employees participating in the plan consisted of the following at July 1, 2022, the date of the latest actuarial valuation (measurement date of June 30, 2022):

Retirees currently receiving benefit payments	129
Active employees fully eligible but not yet receiving benefit payments	---
Active employees not fully eligible	---
	<u>129</u>

Number of participating employees 129

Contributions

Premiums under the Plan for post-employment healthcare benefits are funded by retirees desiring such coverage via co-pays paid to the District in accordance with rates established by the District and by the District itself from assets accumulated in the trust and appropriate governmental funds. For the year ended June 30, 2022, Plan members receiving benefits contributed \$-0- and the District contributed \$-0- to the Plan.

Net OPEB Liability

The District's net OPEB liability was determined by an actuarial valuation as of July 1, 2022; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions

Actuarial assumptions used to determine the total OPEB liability as of June 30, 2022 were based upon Wisconsin Retirement System ("WRS") experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Key assumptions, applied to all periods included in the measurement, are as follows:

Valuation date	July 1, 2022			
Measurement date	June 30, 2022			
Reporting date	June 30, 2022			
Actuarial cost method	Entry age normal (level percent of pay)			
Asset valuation method	Market value			
Healthcare cost trend rates:	<u>Initial Trend</u>	<u>Ultimate Trend</u>	<u>Amount of Trend</u> <u>Decrease</u>	<u>Year Ultimate</u> <u>Trend Reached</u>
HRA	5.5%	5.5%	0.0%	2023
Dental	3.0%	3.0%	0.0%	2023
	<u>Beginning of Year</u>	<u>End of Year</u>		
Discount rate	2.20%	3.54%		
Municipal bond rate	2.20%	3.54%		
Inflation rate	2.25%			
Municipal bond rate source	The 20-Bond GO Index which is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.			
Mortality rates	Based on rates from Wisconsin Retirement System experience study report for Public Schools dated November 19, 2021			
Total payroll increases	2.00%			

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

10. Other Postemployment Benefits (Continued)

Rate of Return

The annual money-weighted rate of return on plan investments, net of plan investment expense was 0.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Changes in the Net OPEB Liability

Changes in the District's net OPEB liability were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Balance 6/30/21 - measurement date 6/30/21	\$ 2,070,299	\$ 1,255,215	\$ 815,084
Changes for the year:			
Service cost	---	---	---
Interest	41,877	---	41,877
Differences between expected and actual experience	(410,678)	---	(410,678)
Changes of assumptions or other input	(79,502)	---	(79,502)
Employer contributions	---	139,200	(139,200)
Plan expenses	---	(300)	300
Net investment income	---	1,698	(1,698)
Benefit payments	(333,618)	(333,618)	---
Net changes	(781,921)	(193,020)	(588,901)
Balance 6/30/22 - measurement date 6/30/22	\$ 1,288,378	\$ 1,062,195	\$ 226,183

Discount Rate

The following presents the net OPEB liability calculated using the discount rate of 3.54%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.54%) or 1% higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability	\$ 292,095	\$ 226,183	\$ 166,988

Healthcare Cost Trend Rates

The following presents the net OPEB liability calculated using the healthcare cost trend rates that are described in the table on the previous page, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current rates:

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Net OPEB liability	\$ 226,183	\$ 226,183	\$ 226,183

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements
June 30, 2022
(Continued)

10. Other Postemployment Benefits (Continued)

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

For the year ended June 30, 2022, the District recognized OPEB expense (revenue) of \$(470,434). At June 30, 2022, 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
Net difference between projected and actual earnings on OPEB plan investments	\$ 20,733	\$ ---

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2023	\$ 5,184
2024	5,184
2025	5,184
2026	5,181

11. Limitation on School District Revenues

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

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

12. Risk Management

The Oconomowoc Area School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers' compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. There has been no reduction in insurance coverage in the prior year. Settled claims have not exceeded the commercial coverage in any of the past three years.

13. Commitments and Contingencies

From time to time, the District is involved in legal actions, most of which normally occur in governmental operations. Legal actions are generally defended by the District's various insurance carriers, since most claims brought against the District are covered by insurance policies. In the opinion of District management, any legal actions and any other proceedings known to exist at June 30, 2022 are not likely to have a material adverse impact on the District's financial position.

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.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Financial Statements

June 30, 2022

(Continued)

13. Commitments and Contingencies (Continued)

The District entered contracts for various building improvement projects at the District's Buildings. As of June 30, 2022, the contract amounts for these projects totaled \$206,623, of which \$154,967 has been expended.

The District entered a contract for stadium seating and press box construction. As of June 30, 2022, the contract amount for this project totaled \$1,355,985, of which \$1,095,460 has been expended.

The District entered a contract for the construction of a greenhouse. As of June 30, 2022, the contract amount for these projects totaled \$102,740, of which \$85,762 has been expended.

14. Effect of New Accounting Standards on Financial Statements

The Government Accounting Standards Board (GASB) has approved the following:

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements*
- GASB Statement No. 96, *Subscription Based Information Technology Arrangements*
- GASB Statement No. 99, *Omnibus 2022*
- GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*
- GASB Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Budgetary Comparison Schedule

General Fund

Year Ended June 30, 2022

	Fund 10 Budget			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Local	\$ 51,219,342	\$ 51,219,342	\$ 51,158,304	\$ (61,038)
Interdistrict	2,371,605	2,371,605	2,331,888	(39,717)
Intermediate	10,537	10,537	10,529	(8)
State	14,108,612	14,108,612	14,294,148	185,536
Federal	2,246,467	2,246,467	1,961,293	(285,174)
Other	160,000	160,000	292,532	132,532
Total revenues	70,116,563	70,116,563	70,048,694	(67,869)
Expenditures:				
Instruction:				
Current	34,440,159	34,440,159	32,298,677	2,141,482
Interdistrict	4,006,000	4,006,000	3,803,976	202,024
Capital outlay	150,235	150,235	156,955	(6,720)
Support Services:				
Current	21,857,354	21,857,354	23,110,021	(1,252,667)
Capital outlay	2,874,540	2,874,540	2,928,312	(53,772)
Total expenditures	63,328,288	63,328,288	62,297,941	1,030,347
Excess of revenues over expenditures	6,788,275	6,788,275	7,750,753	962,478
Other Financing Sources (uses):				
Operating transfers in (out)	(7,431,711)	(7,431,711)	(7,892,943)	(461,232)
Lease financing	---	---	667,292	667,292
Financed purchases	643,436	643,436	630,309	(13,127)
Total other financing sources (uses)	(6,788,275)	(6,788,275)	(6,595,342)	192,933
Net change in fund balances	---	---	1,155,411	1,155,411
Fund Balances - Beginning of year	25,384,725	25,384,725	25,384,725	---
Fund Balances - End of year	\$ 25,384,725	\$ 25,384,725	\$ 26,540,136	\$ 1,155,411

See Independent Auditors' Report and accompanying notes to required supplementary information.

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Budgetary Comparison Schedule

Special Education Fund

Year Ended June 30, 2022

	Fund 27 Budget			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Interdistrict	\$ 25,000	\$ 25,000	\$ 28,300	\$ 3,300
State	1,975,000	1,975,000	2,473,062	498,062
Federal	1,852,230	1,852,230	1,521,832	(330,398)
Total revenues	<u>3,852,230</u>	<u>3,852,230</u>	<u>4,023,194</u>	<u>170,964</u>
Expenditures:				
Instruction:				
Current	8,062,949	8,062,949	7,414,159	648,790
Interdistrict	148,000	148,000	115,423	32,577
Support Services:				
Current	2,577,902	2,577,902	2,336,465	241,437
Total expenditures	<u>10,788,851</u>	<u>10,788,851</u>	<u>9,866,047</u>	<u>922,804</u>
Excess (deficiency) of revenues over expenditures	(6,936,621)	(6,936,621)	(5,842,853)	1,093,768
Other Financing Sources (uses):				
Operating transfers in (out)	6,936,621	6,936,621	5,842,853	(1,093,768)
Net change in fund balances	---	---	---	---
Fund Balances - Beginning of year	---	---	---	---
Fund Balances - End of year	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

See Independent Auditors' Report and accompanying notes to required supplementary information.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Proportionate Share of the Net Pension Asset (Liability)
Year Ended June 30, 2022

Wisconsin Retirement System
Last 10 Fiscal Years*

WRS Fiscal Year End Date	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Covered Payroll	Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Asset (Liability)
12/31/2014	0.1623%	\$ 3,986,757	\$ 22,746,966	17.53%	102.74%
12/31/2015	0.1631%	(2,650,790)	23,459,384	11.30%	98.20%
12/31/2016	0.1648%	(1,358,099)	24,061,306	5.64%	99.12%
12/31/2017	0.1668%	4,953,838	25,039,290	19.78%	102.93%
12/31/2018	0.1676%	(5,962,934)	25,742,711	23.16%	96.45%
12/31/2019	0.1773%	5,718,073	31,292,287	18.27%	102.96%
12/31/2020	0.1867%	11,633,873	32,735,734	35.54%	105.26%
12/31/2021	0.1956%	15,764,450	33,581,490	46.94%	106.02%

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

*GASB requires the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

Schedule of Contributions
Year Ended June 30, 2022

Wisconsin Retirement System
Last 10 Fiscal Years*

WRS Fiscal Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2014	\$ 1,592,288	\$ 1,592,288	\$ ---	\$ 22,746,966	7.09%
12/31/2015	1,595,228	1,595,228	---	23,459,385	6.83%
12/31/2016	1,590,654	1,590,654	---	24,061,306	6.61%
12/31/2017	1,702,671	1,702,671	---	25,039,290	6.80%
12/31/2018	1,724,759	1,724,759	---	25,742,711	6.70%
12/31/2019	2,049,645	2,049,645	---	31,292,287	6.55%
12/31/2020	2,209,673	2,209,673	---	32,735,734	6.75%
12/31/2021	2,273,947	2,273,947	---	33,581,490	6.77%

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

*GASB requires the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

See Independent Auditors' Report and accompanying notes to required supplementary information.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Schedule of Employer Contributions
Year Ended June 30, 2022

Wisconsin Retirement System

Actuarial Determined Contributions Methods and Assumptions:

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

Valuation Date	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
Actuarial Cost Method	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method	Level % of Payroll-Closed Amortization Period	Level % of Payroll-Closed Amortization Period	Level % of Payroll-Closed Amortization Period	Level % of Payroll-Closed Amortization Period
Amortization Period	30 Year closed from date of participation in WRS Five-Year Smoothed Market (Closed)	30 Year closed from date of participation in WRS Five-Year Smoothed Market (Closed)	30 Year closed from date of participation in WRS Five-Year Smoothed Market (Closed)	30 Year closed from date of participation in WRS Five-Year Smoothed Market (Closed)
Asset Valuation Method	Market (Closed)	Market (Closed)	Market (Closed)	Market (Closed)
Actuarial Assumptions Net Investment Rate of Return	5.5%	5.5%	5.5%	6%
Weighted Based on Assumed Rate For:				
Pre-retirement	7.2%	7.2%	7.2%	7.2%
Post-retirement	5.0%	5.0%	5.0%	5.0%
Salary Increases:				
Wage Inflation	3.2%	3.2%	3.2%	3.2%
Seniority/Merit	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement benefit Adjustments**	2.1%	2.1%	2.1%	2.1%
Retirement Age (Experience based table of rates that are specific to the type of eligibility condition)	Last updated for the 2015 valuation pursuant to an experience study of the period 2012-2014	Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011	Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011	Last updated for the 2012 valuation pursuant to an experience study of the period 2009-2011
Mortality:				
Table	Wisconsin 2012	Wisconsin 2012	Wisconsin 2012	Wisconsin 2012
Rate	Actual WRS experience adjustment for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%)	Actual WRS projected to 2017 with scale BB to all for future improvements (margin) in mortality)	Actual WRS projected to 2017 with scale BB to all for future improvements (margin) in mortality)	Actual WRS projected to 2017 with scale BB to all for future improvements (margin) in mortality)

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

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Changes in Net Pension Liability and Related Ratios
Year Ended June 30, 2022

Oconomowoc Area School District Retirement Plan
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service Cost	\$ 45,253	\$ 70,473	\$ 182,205	\$ 200,531	\$ 220,165	\$ 218,183	\$ 215,060	\$ 211,418
Interest	800,122	812,241	865,003	866,122	845,526	882,292	833,064	809,416
Benefit payments	(910,633)	(913,693)	(907,365)	(894,399)	(837,777)	(836,090)	(825,983)	(839,320)
Differences between expected and actual	154,876	84,393	(1,307,448)	(103,159)	117,352	(268,103)	59,792	126,116
Changes of assumptions	(68,936)	304,104	438,046	(60,950)	(90,807)	1,054,344	421,208	18,056
Net change in total pension liability	20,682	357,518	(729,559)	8,145	254,459	1,050,626	703,141	325,686
Total pension liability - beginning	13,769,589	13,412,071	14,141,630	14,133,485	13,879,026	12,828,400	12,125,259	11,799,573
Total pension liability - ending (a)	\$ 13,790,271	\$ 13,769,589	\$ 13,412,071	\$ 14,141,630	\$ 14,133,485	\$ 13,879,026	\$ 12,828,400	\$ 12,125,259
Fiduciary Net Position								
Employee contributions	\$ 25,736	\$ 28,661	\$ 58,789	\$ 91,299	\$ 98,633	\$ 98,272	\$ 111,166	\$ 110,127
Employer contributions	555,000	554,000	605,243	708,524	579,908	523,846	388,834	428,990
Net investment income	2,832,535	328,465	602,608	859,074	1,113,491	(141,839)	290,135	1,400,303
Benefit payments	(910,633)	(913,693)	(907,365)	(894,399)	(837,777)	(836,090)	(825,983)	(839,320)
Administrative expenses	(4,500)	---	(13,417)	(13,961)	(17,487)	(9,500)	(22,420)	(23,978)
Net change in fiduciary net position	2,498,138	(2,567)	345,858	750,537	936,768	(365,311)	(58,268)	1,076,122
Fiduciary net position - beginning	10,736,223	10,738,790	10,392,932	9,642,395	8,705,627	9,070,938	9,129,206	8,053,084
Fiduciary net position - ending (b)	\$ 13,234,361	\$ 10,736,223	\$ 10,738,790	\$ 10,392,932	\$ 9,642,395	\$ 8,705,627	\$ 9,070,938	\$ 9,129,206
Net pension liability - ending (a) - (b)	\$ 555,910	\$ 3,033,366	\$ 2,673,281	\$ 3,748,698	\$ 4,491,090	\$ 5,173,399	\$ 3,757,462	\$ 2,996,053
Fiduciary net position as a percentage of total pension liability	95.97%	77.97%	80.07%	73.49%	68.22%	62.73%	70.71%	75.29%
Covered payroll	\$ 375,751	\$ 561,928	\$ 561,928	\$ 1,730,464	\$ 1,922,063	\$ 1,976,451	\$ 2,251,278	\$ 2,302,404
Net pension liability as a percentage of covered payroll	147.95%	539.81%	475.73%	216.63%	233.66%	261.75%	166.90%	130.13%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
End of period assumptions:								
Long-term rate of return on assets	6.00%	6.00%	6.25%	6.25%	6.25%	6.25%	7.00%	7.00%
Interest rate	6.00%	6.00%	6.25%	6.25%	6.25%	6.25%	7.00%	7.00%
Salary increase assumption	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%
COLA increase assumption	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Retirement age assumption	Table	Table	Table	Table	Table	Table	Table	Table
Plan changes	None	None	None	None	None	None	None	None

*GASB requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

*The amounts presented for each fiscal year were determined as of the measurement date.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Employer Contributions
Year Ended June 30, 2022

Oconomowoc Area School District Retirement Plan
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial determined ER contributions	\$ 253,676	\$ 294,795	\$ 470,722	\$ 511,332	\$ 523,492	\$ 465,979	\$ 446,701	\$ 539,117
ER contributions received by the plan	555,000	554,000	605,243	708,524	579,908	523,846	388,834	539,117
Contribution deficiency/(excess)	\$ (301,324)	\$ (259,205)	\$ (134,521)	\$ (197,192)	\$ (56,416)	\$ (57,867)	\$ 57,867	\$ ---
Covered payroll	\$ 375,751	\$ 561,928	\$ 561,928	\$ 1,730,464	\$ 1,922,063	\$ 1,976,451	\$ 2,251,278	\$ 2,302,404
ER contributions received as a percentage of covered employee payroll	147.70%	98.59%	107.71%	40.94%	30.17%	26.50%	17.27%	23.42%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarial Determined Contributions Methods and Assumptions:								
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Asset valuation method	Market value	Market value	Market value	Market value	Market value	Market value	Market value	Market value
Long-term rate of return on assets	6.00%	6.00%	6.25%	6.25%	6.25%	6.25%	7.00%	7.00%
Interest rate	6.00%	6.00%	6.25%	6.25%	6.25%	6.25%	7.00%	7.00%
Salary increase assumption	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%	S5 + 1.50%
COLA increase assumption	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Retirement age assumption	Table	Table	Table	Table	Table	Table	Table	Table
Plan changes	None	None	None	None	None	None	None	None

*GASB requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

*The amounts presented for each fiscal year were determined as of the measurement date.

Schedule of Investment Returns
Year Ended June 30, 2022

Oconomowoc Area School District Retirement Plan
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted return on plan investments, net of investment	26.76%	3.13%	6.03%	8.97%	13.28%	-1.62%	3.26%	17.85%

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*The amounts presented for each fiscal year were determined as of the measurement date.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Proportionate Share of the Net OPEB - Life Insurance Asset (Liability)
Year Ended June 30, 2022

Local Retiree Life Insurance
Last 10 Fiscal Years*

ETF Fiscal Year End Date	District's Proportion of the Net OPEB - Life Insurance Asset (Liability)	District's Proportionate Share of the Net OPEB - Life Insurance Asset (Liability)	District's Covered- Employee Payroll	Net OPEB - Life Insurance Asset (Liability) as a Percentage of Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB - Life Insurance Asset (Liability)
12/31/2017	0.4175%	\$ (1,256,031)	\$ 17,556,354	7.15%	44.81%
12/31/2018	0.4332%	(1,117,720)	26,376,000	4.24%	48.69%
12/31/2019	0.4601%	(1,959,221)	27,829,000	7.04%	37.58%
12/31/2020	0.4853%	(2,669,473)	27,705,000	9.64%	31.36%
12/31/2021	0.4758%	(2,812,349)	27,561,000	10.20%	29.57%

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

*GASB requires the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

Schedule of Contributions - OPEB - Life Insurance
Year Ended June 30, 2022

Local Retiree Life Insurance
Last 10 Fiscal Years*

ETF Fiscal Year End Date	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
12/31/2017	\$ 7,928	\$ 7,928	\$ ---	\$ 17,556,354	0.05%
12/31/2018	8,345	8,345	---	26,376,000	0.03%
12/31/2019	8,317	8,317	---	27,829,000	0.03%
12/31/2020	9,677	9,677	---	27,705,000	0.03%
12/31/2021	9,739	9,739	---	27,561,000	0.04%

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

*GASB requires the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

See Independent Auditors' Report and accompanying notes to required supplementary information.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Changes in Total Supplemental Pension Liability and Related Ratios
Year Ended June 30, 2022
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017
Total Supplemental Pension Liability						
Service Cost	\$ 61,186	\$ 66,153	\$ 69,635	\$ 20,941	\$ 22,723	\$ 38,949
Interest	61,275	74,869	80,312	11,759	12,783	60,609
Differences between expected and actual experiences	873,374	---	922,692	---	---	---
Changes of assumptions or other input	(78,223)	---	294,742	---	---	---
Effect of plan changes**	---	---	---	---	1,647,553	5,653,916
Benefit payments	(473,306)	(456,143)	(393,838)	(403,222)	(555,919)	(580,417)
Net change in total supplemental pension liability	444,306	(315,121)	973,543	(370,522)	1,127,140	5,173,057
Total supplemental pension liability - beginning	3,021,877	3,336,998	2,363,455	2,733,977	1,606,837	(3,566,220)
Total supplemental pension liability - ending	\$ 3,466,183	\$ 3,021,877	\$ 3,336,998	\$ 2,363,455	\$ 2,733,977	\$ 1,606,837
Covered payroll	\$ 36,049,603	\$ 35,196,263	\$ 34,451,720	\$ 33,117,408	\$ 31,593,543	\$ 31,052,000
Total supplemental pension liability as a percentage of covered payroll	9.6%	8.6%	9.7%	7.1%	8.7%	5.2%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

*GASB requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

*The amounts presented for each fiscal year were determined as of the measurement date.

**Plan changes reflect change from OPEB to pension benefit for those retiring after 6/30/18.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Changes in Net OPEB Liability and Related Ratios
Year Ended June 30, 2022
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
Total OPEB Liability					
Interest	\$ 41,877	\$ 54,245	\$ 67,583	\$ 137,886	\$ 167,027
Differences between expected and actual experiences	(410,678)	---	35,141	---	---
Changes of assumptions or other input	(79,502)	---	270,545	---	---
Benefit payments	(333,618)	(451,974)	(671,500)	(920,145)	(1,072,549)
Net change in total OPEB liability	(781,921)	(397,729)	(298,231)	(782,259)	(905,522)
Total OPEB liability - beginning	2,070,299	2,468,028	2,766,259	3,548,518	4,454,040
Total OPEB liability - ending (a)	\$ 1,288,378	\$ 2,070,299	\$ 2,468,028	\$ 2,766,259	\$ 3,548,518
Fiduciary Net Position					
Contributions - employer	\$ 139,200	\$ 820,967	\$ 748,760	\$ ---	\$ ---
Net investment income	1,698	1,415	827	---	---
Benefit payments	(333,618)	(238,445)	(77,919)	---	---
Administrative expenses	(300)	(300)	(90)	---	---
Net change in fiduciary net position	(193,020)	583,637	671,578	---	---
Fiduciary net position - beginning	1,255,215	671,578	---	---	---
Fiduciary net position - ending (b)	\$ 1,062,195	\$ 1,255,215	\$ 671,578	\$ ---	\$ ---
Net OPEB liability - ending (a) - (b)	\$ 226,183	\$ 815,084	\$ 1,796,450	\$ 2,766,259	\$ 3,548,518
Fiduciary net position as a percentage of the total OPEB liability	82.44%	60.63%	27.21%	0.00%	0.00%
Covered-employee payroll	\$ 36,049,603	\$ 35,196,263	\$ 34,451,720	\$ 33,117,408	\$ 31,593,543
Net OPEB liability as a percentage of covered-employee payroll	0.6%	2.3%	5.2%	8.4%	11.2%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

*GASB requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

*The amounts presented for each fiscal year were determined as of the measurement date.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Employer Contributions - OPEB
Year Ended June 30, 2022
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
Actuarially determined contributions (ADC)	\$ 47,053	\$ 155,497	\$ 152,448	\$ ---	\$ ---
Contributions in relation to the ADC	-	820,967	748,760	---	---
Contribution deficiency (excess)	\$ 47,053	\$ (665,470)	\$ (596,312)	\$ ---	\$ ---
Covered-employee payroll	\$ 36,049,603	\$ 35,196,263	\$ 34,451,720	\$ 33,117,408	\$ 31,593,543
Contributions as a percentage of covered payroll	0.0%	2.3%	2.2%	0.0%	0.0%
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Assumptions used to calculate ADC					
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal		
Asset valuation method	Market value	Market value	Market value		
Amortization method	18 year level	18 year level	19 year level		
	percent of payroll	percent of payroll	percent of payroll		
Discount rate	3.54%	2.20%	2.20%		
Asset earnings rate	2.20%	2.20%	2.20%		

*GASB requires the presentation of the last 10 prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

*The amounts presented for each fiscal year were determined as of the measurement date.

Schedule of Investment Returns - OPEB
Year Ended June 30, 2022
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expenses	0.2%	0.2%	0.0%	N/A	N/A

*GASB requires the presentation of the last ten prior fiscal years completed under this pronouncement. The fiscal years completed prior to the enactment of this pronouncement are not required to be presented in this schedule.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Required Supplementary Information
June 30, 2022

Note A – Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.D to the financial statements; however, the District adopts a budget for the special education fund which is reported with the general fund in accordance with GAAP. An explanation of the differences between revenues, expenditures, and other financing sources (uses) for budgetary funds on budgetary fund basis and a GAAP general fund basis is summarized below.

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary basis)	\$ 70,048,694	\$ 4,023,194
Reclassification of special education	4,023,194	(4,023,194)
Total revenues (GAAP)	74,071,888	---
Expenditures		
Actual amounts (budgetary basis)	62,297,941	9,866,047
Reclassification of special education	9,866,047	(9,866,047)
Total expenditures (GAAP)	72,163,988	---
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary basis)	7,750,753	(5,842,853)
Reclassification of special education	(5,842,853)	5,842,853
Excess of revenues over (under) expenditures (GAAP)	1,907,900	---
Other Financing Sources (Uses)		
Actual amounts (budgetary basis)	(6,595,342)	5,842,853
Reclassification of special education	5,842,853	(5,841,853)
Total other financing sources (uses) (GAAP)	(752,489)	---
Net Change in Fund Balance		
Actual amounts (budgetary basis and GAAP)	1,155,411	---
Fund Balance – Beginning of year		
Actual amounts (budgetary basis and GAAP)	25,384,725	---
Fund Balance – End of year		
Actual amounts (budgetary basis and GAAP)	\$ 26,540,136	\$ ---

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Required Supplementary Information
June 30, 2022
(Continued)

Note B – Excess of Actual Expenditures over Budget in Individual Funds

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

<u>General:</u>	
Special education curriculum	\$ 9,920
Pupil services	535,471
Business administration	2,336,885
Transfers to another fund	461,232
Other non-program transactions	46,234
<u>Special education:</u>	
Pupil services	\$ 1,604
Other non-program transactions	53,008

The excess expenditures were funded with revenues in excess of budget and existing fund balances.

Note C – Wisconsin Retirement System

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

Changes of assumptions:

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

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

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

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

Note D – Oconomowoc Area School District Retirement Plan

There were no changes of benefit terms. The end of period total pension liability was determined using the assumptions and methods described in Footnote 7, with the following changes noted:

- The mortality table was updated from PubG-2010 General MP-2019 to PubG-2010 General MP-2020.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Required Supplementary Information
June 30, 2022
(Continued)

Note E – Local Retiree Life Insurance Fund

Change of benefit terms: There were no recent changes in benefit terms.

Changes of assumptions: In addition to the rate changes detailed in footnote 8, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retiree System. These assumptions are used in the actual valuations of OPEB liabilities for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liability – life insurance, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liability – life insurance, including the following:

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

Note F – Supplemental Pension Plan Information

No assets are accumulated in a trust that meets all of the following criteria of GASBS No. 73, paragraph 4:

- Contributions from the employer and any non-employer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing pensions to plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, non-employer contributing entities, the plan administrator, and plan members.

There were no changes to the plan provisions.

The following changes in actuarial assumption have been made in the years presented:

- The discount rate changed as can be seen in the following table:

Year Ended June 30	Discount Rate
2020	2.20%
2021	2.20%
2022	3.54%

- Mortality assumptions for the years ended June 30, 2020 through June 30, 2021 was from the *Wisconsin Retirement System 2015 – 2017 Experience Study* with the MP-2018 generational improvement scale (multiplied by 50%); for the year ended June 30, 2022 the mortality assumptions were based on rates from the Wisconsin Retirement System Experience Study Report for Public Schools dated November 19, 2021.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Notes to Required Supplementary Information
June 30, 2022
(Continued)

Note F – Supplemental Pension Plan Information (Continued)

- Actuarial assumptions used for the years ended June 30, 2020 through June 30, 2021 were based on the results of an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. For the year ended June 30, 2022 this changed to being based on the results of the Wisconsin Retirement System (“WRS”) experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020.

Note G – OPEB Plan Information

There were no changes of benefit terms to the OPEB plan.

The following changes in actuarial assumption have been made in the years presented:

- The discount rate changed as can be seen in the following table:

Year Ended June 30	Discount Rate
2020	2.20%
2021	2.20%
2022	3.54%

- Mortality assumptions for the years ended June 30, 2020 through June 30, 2021 was from the *Wisconsin Retirement System 2015 – 2017 Experience Study* with the MP-2018 generational improvement scale (multiplied by 50%); for the year ended June 30, 2022 the mortality assumptions were based on rates from the Wisconsin Retirement System Experience Study Report for Public Schools dated November 19, 2021.
- Actuarial assumptions used for the years ended June 30, 2020 through June 30, 2021 were based on the results of an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017. For the year ended June 30, 2022 this changed to being based on the results of the Wisconsin Retirement System (“WRS”) experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020.

OTHER SUPPLEMENTARY INFORMATION

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022**

	<u>Special Revenue Funds</u>				
	<u>Other Special Revenue</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Debt Service</u>	<u>Total</u>
Assets:					
Cash	\$ 1,076,044	\$ 1,687,944	\$ 4,086	\$ 27,328	\$ 2,795,402
Investments	---	---	---	4,446,793	4,446,793
Accounts receivable	3,485	16,400	---	---	19,885
Prepaid expenditures	---	---	43	---	43
Due from other governments	---	284,203	---	---	284,203
Total assets	<u>\$ 1,079,529</u>	<u>\$ 1,988,547</u>	<u>\$ 4,129</u>	<u>\$ 4,474,121</u>	<u>\$ 7,546,326</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 2,124	\$ 111,488	\$ 43	\$ ---	\$ 113,655
Accrued salaries and related items	---	---	4,086	---	4,086
Other deposits payable	180	173	---	---	353
Unearned revenue	---	74,928	---	---	74,928
Total liabilities	2,304	186,589	4,129	---	193,022
Fund Balances:					
Restricted	1,077,225	1,801,958	---	4,474,121	7,353,304
Total fund balance	<u>1,077,225</u>	<u>1,801,958</u>	<u>---</u>	<u>4,474,121</u>	<u>7,353,304</u>
Total liabilities and fund balances	<u>\$ 1,079,529</u>	<u>\$ 1,988,547</u>	<u>\$ 4,129</u>	<u>\$ 4,474,121</u>	<u>\$ 7,546,326</u>

See Independent Auditors' Report.

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2022

	<u>Special Revenue Funds</u>				
	<u>Other Special Revenue</u>	<u>Food Service</u>	<u>Community Service</u>	<u>Debt Service</u>	<u>Total</u>
Revenues:					
Local	\$ 877,436	\$ 1,092,040	\$ 578,300	\$ 8,260,561	\$ 10,808,337
State	---	542	---	---	542
Federal	---	1,934,292	---	---	1,934,292
Other	1,650	---	---	---	1,650
Total revenues	879,086	3,026,874	578,300	8,260,561	12,744,821
Expenditures:					
Instruction:					
Current	699,140	---	16,867	---	716,007
Capital outlay	67,899	---	---	---	67,899
Support Services:					
Current	5,111	2,298,888	561,433	---	2,865,432
Capital outlay	15,724	65,319	---	---	81,043
Debt service	---	---	---	7,819,562	7,819,562
Total expenditures	787,874	2,364,207	578,300	7,819,562	11,549,943
Excess of revenues over expenditures	91,212	662,667	---	440,999	1,194,878
Other Financing Sources:					
Operating transfers	---	---	---	495,090	495,090
Net change in fund balances	91,212	662,667	---	936,089	1,689,968
Fund Balances - Beginning of year	986,013	1,139,291	---	3,538,032	5,663,336
Fund Balances - End of year	\$ 1,077,225	\$ 1,801,958	\$ ---	\$ 4,474,121	\$ 7,353,304

See Independent Auditors' Report.

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Schedule of Expenditures of State Awards

Year Ended June 30, 2022

Awarding Agency	State	Pass-Through	Accrued or		State	Accrued or		
Pass-Through Agency	I.D.	Entity Identifying	(Unearned)		Disbursements/	(Unearned)	Subrecipient	
<u>Award Description</u>	<u>Number</u>	<u>Number</u>	<u>Revenue at</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Revenue at</u>	<u>Awards</u>	
			<u>7/1/21</u>			<u>6/30/22</u>		
Wisconsin Department of Public Instruction								
Special education and school-age parents **	255.101	674060-100	\$ ---	\$ 2,388,587	\$ 2,388,587	\$ ---	\$ ---	
State school lunch aid	255.102	674060-107	---	495	495	---	---	
Common school fund library aid	255.103	674060-104	---	274,529	274,529	---	---	
General transportation aid	255.107	674060-102	---	176,179	176,179	---	---	
<i>General Aids Cluster:</i>								
Equalization aids	255.201	674060-116	166,555	3,882,015	3,715,460	---	---	
Special adjustment aid	255.203	674060-118	---	1,892,265	1,892,265	---	---	
<i>Total General Aids Cluster</i>			166,555	5,774,280	5,607,725	---	---	
High cost special education aid	255.210	674060-119	---	84,475	84,475	---	---	
Aid for school mental health programs	255.227	674060-176	---	---	93,759	93,759	---	
Alcohol and other drug abuse	255.306	674060-143	12,429	12,429	17,576	17,576	---	
State school breakfast aid	255.344	674060-108	---	47	47	---	---	
Early college credit program	255.445	674060-178	---	499	499	---	---	
Educator effectiveness evaluation system grant	255.940	674060-154	37,555	37,555	38,800	38,800	---	
Per pupil aid	255.945	674060-113	---	3,899,210	3,899,210	---	---	
Career and technical education initiative grant	255.950	674060-152	---	---	94,520	94,520	---	
Assessments of reading readiness	255.956	674060-166	---	11,324	11,324	---	---	
Total Wisconsin Department of Public Instruction			216,539	12,659,609	12,687,725	244,655	---	
Wisconsin Department of Workforce Development								
Passed through Waukesha County Technical College								
Youth apprenticeship grant	455.112	Not available	---	---	44,211	44,211	---	
Total			\$ 216,539	\$ 12,659,609	\$ 12,731,936	\$ 288,866	\$ ---	

** Total DPI aidable expenditures for the year ended June 30, 2022 were \$8,387,721.

See Independent Auditors' Report and accompanying notes to schedules of expenditures of federal and state awards.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Awarding Agency Pass-Through Agency <u>Award Description</u>	Assistance Listing <u>Number</u>	Pass-Through Entity Identifying <u>Number</u>	Accrued or (Unearned) Revenue at		Federal		Accrued or (Unearned) Revenue at		
			<u>7/1/21</u>	<u>Receipts</u>	<u>Disbursements/ Expenditures</u>	<u>6/30/22</u>	<u>Subrecipient Awards</u>		
U.S. Department of Agriculture									
Passed through Wisconsin Department of Public Instruction:									
<i>Child Nutrition Cluster:</i>									
<i>School Breakfast Program:</i>									
COVID-19 - Food Service Aid School Breakfast	10.553	2022-674060-DPI-SB-546	\$ ---	\$ 278,972	\$ 343,295	\$ 64,323	\$ ---		
<i>National School Lunch Program:</i>									
Donated Commodities - noncash	10.555	N/A	---	123,901	123,901	---	---		
COVID-19 - Food Service Aid National School Lunch	10.555	2022-674060-DPI-NSL-547	---	1,207,725	1,427,606	219,881	---		
<i>Total National School Lunch Program</i>			---	1,331,626	1,551,507	219,881	---		
<i>Summer Food Service Program:</i>									
COVID-19 - Summer Food Service Program:	10.559	2022-674060-DPI-SFSP-561	296,096	335,586	39,490	---	---		
<i>Total Child Nutrition Cluster</i>			296,096	1,946,184	1,934,292	284,204	---		
Total U.S. Department of Agriculture			296,096	1,946,184	1,934,292	284,204	---		
U.S. Department of Health and Human Services									
Passed through Wisconsin Department of Health Services:									
<i>Medicaid Cluster:</i>									
Medical Assistance Program	93.778	44208700	23,703	571,211	633,429	85,921	---		
Total Medicaid Cluster and U.S. Department of Health and Human Services			23,703	571,211	633,429	85,921	---		
U.S. Department of Education									
Passed through Wisconsin Department of Public Instruction:									
Title II-A Teacher and Principal Training	84.367A	2022-674060-DPI-TIIA-365	6,211	57,222	78,651	27,640	---		
Title IV-A Student Support and Academic Enrichment	84.424A	2022-674060-DPI-TIVA-381	11,039	19,306	10,534	2,267	---		
Carl Perkins Act Formula Allocation Grant	84.048	2022-674060-DPI-CTE-400	18,194	33,346	26,026	10,874	---		
<i>Education Stabilization Funds:</i>									
COVID-19 - Elementary and Secondary School Emergency Relief I	84.425D	2021-674060-DPI-ESSERF-160	197,147	197,339	2,379	2,187	---		
COVID-19 - Elementary and Secondary School Emergency Relief II	84.425D	2022-674060-DPI-ESSERFII-163	---	307,892	307,892	---	---		
<i>Total Education Stabilization Funds</i>			197,147	505,231	310,271	2,187	---		
<i>Title I:</i>									
Title I-A Basic	84.010A	2022-674060-DPI-TIA-141	45,113	188,380	410,719	267,452	---		
Title I-D Neglected and Delinquent	84.010D	2021-674060-DPI-TID-N&D-144	12,789	12,789	---	---	---		
<i>Total Title I</i>			57,902	201,169	410,719	267,452	---		
<i>Special Education Cluster:</i>									
<i>Special Education - Grants to State:</i>									
COVID-19 - IDEA Flow Through	84.027A	2022-674060-DPI-FLOW-344	---	228,007	228,007	---	---		
IDEA Flow Through	84.027A	2022-674060-DPI-FLOW-341	304,954	896,245	831,164	239,873	---		
<i>Total Special Education - Grants to State</i>			304,954	1,124,252	1,059,171	239,873	---		
<i>Special Education - Preschool Grants:</i>									
COVID-19 - IDEA Preschool Entitlement	84.173A	2022-674060-DPI-PRESCH-346	---	25,850	25,850	---	---		
IDEA Preschool Entitlement	84.173A	2022-674060-DPI-PRESCH-347	3,689	13,954	16,469	6,204	---		
<i>Total Special Education - Preschool Grants</i>			3,689	39,804	42,319	6,204	---		
<i>Total Special Education Cluster</i>			308,643	1,164,056	1,101,490	246,077	---		
Passed through CESA 1:									
Title III Immigrant Children and Youth Grant	84.365A	2022-749901-DPI-TIIIA-391	---	---	10,529	10,529	---		
Total U.S. Department of Education			599,136	1,980,330	1,948,220	567,026	---		
U.S. Department of Homeland Security -									
Federal Emergency Management Agency									
Passed through Wisconsin Department of Military Affairs - Wisconsin Emergency Management									
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-05-WI-4520-PW-00062	---	120,611	120,611	---	---		
Total U.S. Department of Homeland Security			---	120,611	120,611	---	---		
Total			\$ 918,935	\$ 4,618,336	\$ 4,636,552	\$ 937,151	\$ ---		

See Independent Auditors' Report and accompanying notes to schedules of expenditures of federal and state awards.

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Notes to Schedules of Expenditures of Federal and State Awards

June 30, 2022

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the "Schedules") includes the federal and state award activity of the District under programs of the federal and state government for the year ended June 30, 2022. The information in this schedule 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 *Wisconsin State Single Audit Guidelines*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the net financial position, changes in fund balances or cash flows for the District. All federal and state awards received directly from federal and state agencies as well as federal and state financial awards passed through other government agencies are included on the schedule.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance and *Wisconsin State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures.

3. Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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 are included in the federal expenditures presented in the Schedule. There are no balances outstanding as of June 30, 2022.



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

To the School Board
Oconomowoc Area School District
Oconomowoc, Wisconsin

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oconomowoc Area School District (the "District") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2022.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 2022-001 that we consider to be a significant deficiency.

Report Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Oconomowoc Area School District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Oconomowoc Area School 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Reilly, Penner & Benton LLP".

December 8, 2022
Milwaukee, Wisconsin



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

To the School Board
Oconomowoc Area School District
Oconomowoc, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Oconomowoc Area School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and Wisconsin 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, 2022. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and Wisconsin 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 Wisconsin 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 Wisconsin State Single Audit Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Report on Internal Control Over Compliance (Continued)

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

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

Reilly, Penner & Benton LLP

December 8, 2022
Milwaukee, Wisconsin

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Schedule of Prior Audit Findings

Year Ended June 30, 2022

Finding 2021-001 Adjusting Journal Entry

Condition and Criteria: An audit adjustment was required to prevent the District's financial statements and schedule of expenditures of federal awards from being misstated.

Auditors' Recommendation: We recommend that management review the nature of this entry in order to determine if this adjustment could be made during the year as part of the ordinary financial reporting process. This would reduce the likelihood of this comment in the future and also increase the accuracy of interim financial statements.

Current Status: No change. See 2022-001

2021-002: United States Department of Agriculture

Program Name: Child Nutrition Cluster

Description: 10.553, 10.555, 10.559 Special Tests and Provisions

Criteria: The District should have internal controls in place requiring that management review and approve the School Food Authority ("SFA") Verification Collection Report prior to submission.

Condition: The SFA Verification Collection Report was submitted to the Wisconsin Department of Public Instruction without documentation of management approval.

Auditors' Recommendation: The District should document management's review and approval of the SFA Verification Collection Report prior to submission.

Current Status: Corrective action was taken in fiscal year 2022.

2021-003: United States Department of Agriculture

Program Name: Child Nutrition Cluster

Description: 10.553, 10.555, 10.559 Suspension and Debarment

Criteria: Internal controls of the District should require that management confirm vendors suspension and debarment status prior to vendors being paid.

Condition: Of the three vendors that were awarded more than \$25,000 in the food service fund, documentation supporting that confirmation of vendor status occurred, was not maintained.

Auditors' Recommendation: The District should maintain evidence that vendors were verified prior to being paid.

Current Status: Corrective action was taken in fiscal year 2022.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

A. Summary of Auditors Results

Financial Statements

- | | |
|---|------------|
| 1. Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| 2. Internal control over financial reporting: | |
| A. Material weakness(es) identified? | No |
| B. Significant deficiency(ies) identified? | Yes |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| A. Material weakness(es) identified: | No |
| B. Significant deficiency(ies) identified? | None reported |
| 5. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No |
| 7. Identification of major programs: | |

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	<u>Medicaid Cluster:</u>
93.778	Medical Assistance Program
	Education Stabilization Funds:
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief I
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief II

- | | |
|--|-----------|
| 8. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | Yes |

OCONOMOWOC AREA SCHOOL DISTRICT

Oconomowoc, Wisconsin

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

A. Summary of Auditors Results (Continued)

State Awards

10. Internal control over major programs:

- A. Material weakness(es) identified No
- B. Significant deficiency(ies) identified that are not considered to be material weakness? None reported

11. Type of auditor’s report issued on compliance for major programs: Unmodified

12. Any audit findings disclosed that are required to be reported in accordance with Wisconsin State Single Audit Guidelines? No

13. Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents <u>General Aids Cluster.</u>
255.201	Equalization Aid
255.203	Special Adjustment Aid

14. Dollar threshold used to distinguish between type A and type B programs \$250,000

B. Financial Statement Findings

Finding 2022-001 Adjusting Journal Entry

Condition and Criteria: An audit adjustment was required to prevent the District’s financial statements and schedule of expenditures of federal awards from being misstated.

Effect: If the condition went uncorrected, the District’s financial statements and schedule of expenditure of federal awards would be misstated. It could also lead to an incorrect federal single audit determination.

Cause: Inadequate controls in place to ensure the proper recording of Medicaid recoupment.

Auditors’ Recommendation: We recommend that management review the nature of this entry in order to determine if this adjustment could be made during the year as part of the ordinary financial reporting process. This would reduce the likelihood of this comment in the future and also increase the accuracy of interim financial statements.

Repeat Finding: This is a repeat finding. See 2021-001.

View of Responsible Officials and Corrective Action Plan: See attachment for District’s corrective action plan.

OCONOMOWOC AREA SCHOOL DISTRICT
Oconomowoc, Wisconsin

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2022

C. Federal and State Award Findings and Questioned Costs

None

D. Other Issues

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

2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the Wisconsin State Single Audit Guidelines:

 Department of Public Instruction No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? Yes

4. Name and signature of partner



Carrie A. Gindt

5. Date of Report

December 8, 2022

915 E. Summit Avenue • Oconomowoc WI 53066
262.560.2138 • fx 262.560.2103
www.oasd.org

Reference Number: 2022-001

Description: Significant Audit Adjusting Journal Entry

Corrective Action Plan: The District has reviewed the WUFAR coding guidance documents surrounding Medicaid claiming and adjustments to ensure full understanding of the accounting requirements. The Accounting Manager will review and approve all Medicaid-related transactions on a monthly basis to guarantee proper coding.

Anticipated Corrective Action Plan Completion Date: Ongoing, beginning July 1, 2022.

Contact Information: For additional information regarding this finding please contact Chelsea Indra, Accounting Manager, (262) 560-2139.