SCHOOL DISTRICT OF SOUTH MILWAUKEE

FINANCIAL STATEMENTS

JUNE 30, 2022

SCHOOL DISTRICT OF SOUTH MILWAUKEE

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	14
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual – Special Education Fund	20
Statement of Fiduciary Net Position - Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	22
Notes to the Financial Statements	23
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability (Asset) – Wisconsin Retirement System	53
Schedule of Contributions – Wisconsin Retirement System	54
Schedule of Changes in Net OPEB Liability and Related Ratios Other Post Employment Benefits Plan	55
Schedule of Annual Money-Weighed Rate of Return on Investments – Other Post Employment Benefits Plan	56
Notes to Required Supplemental Information	57

SCHOOL DISTRICT OF SOUTH MILWAUKEE

TABLE OF CONTENTS

	Page
SUPPLEMENTAL FINANCIAL INFORMATION	
Combining Balance Sheet – Nonmajor Governmental Funds	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	62
SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND RELATED AUDITOR'S REPORTS	
Schedule of Expenditures of Federal Awards	64
Schedule of Expenditures of State Awards	66
Notes to Schedules of Expenditures of Federal and State Awards	67
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards	68
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance and the State Single Audit Guidelines	66
Schedule of Findings and Questioned Costs	73
Summary Schedule of Prior Audit Findings	77

SCHUMACHER SAMA CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

Board of Education
School District of South Milwaukee
Milwaukee County, Wisconsin

Report on the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of South Milwaukee as of June 30, 2022, and the respective changes in financial position, where applicable, and the respective budgetary comparisons for the General Fund and Special Education Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 21 to the financial statements, the District has changed its method of accounting for leases for the year ended June 30, 2022 due to the adoption of GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Schedule of Proportionate Share of the Net Pension Liability (Asset) Wisconsin Retirement System, Schedule of Contributions Wisconsin Retirement System, Schedule of Changes in Net OPEB Liability and Related Ratios Other Post Employment Benefit Plan, Schedule of Annual Money-Weighed Rate of Return on Investments Other Post Employment Benefit Plan, and Notes to Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The financial information listed in the table of contents as supplemental financial information; and the schedules of expenditures of federal awards and state awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and by the Wisconsin Department of Administration; are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information and the schedules of expenditures of federal awards and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reports dated December 13, 2022 on our consideration of the School District of South Milwaukee internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting compliance**.**

SCHUMACHER SAMA, LLP

Schumacher Sama, LLP

Wauwatosa, Wisconsin
December 13, 2022

MANAGEMENT'S DISCUSSION
AND
ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The District's total change in net position as shown in the statement of activities was an increase of $9,291,876.

- The General Fund (Fund 10) fund balance increased $536,615 from $8.8 million to $9.3 million. The fund balance is 21% of Fund 10 expenditures including transfers.

- The Debt Service Fund (Fund 30) fund balance increased $19,164.

- The increase of $1,971,417 in Other Governmental Funds was due to an increase in the Food Service Fund $576,900 and increases in the Long-Term Capital Improvement Fund $532,418, Gift Fund $28,606, and Community Service Fund $833,493.

- Total revenues for Governmental Funds were $54.6 million. This amount includes $14.0 million of local property taxes, $35.9 million in operating grants and other federal and state aids and $4.7 million in contributions, charges for services and other miscellaneous revenue. Property taxes represent 28% of all revenue. Operating grants and other federal and state aid represents 71% of all revenue.

- Capital assets have been reported at $92.8 million and accumulated depreciation of $42.7 million for a net capital asset value of $50.1 million. The amount listed represents the estimated historical cost of all sites, site improvements, buildings and building improvements, furniture and equipment with a unit value of at least $5,000. An independent physical inventory was last conducted in June, 2022.

- The District implemented GASB #87, *Leases* as of July 1, 2021. The implementation resulted in the government wide statements recognizing a right-of-use leased asset, accumulated amortization, and lease liability with a prior period adjustment to net position of $45.

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of four parts:

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

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

District-Wide Financial Statements

- The *Statement of Net Position* and *Statement of Activities* provide information on a District-wide basis. These statements present an aggregate view of the District's finances. These statements contain useful long-term information as well as information for the 2021-22 fiscal year.

- The *Statement of Net Position* compares assets to liabilities to give an overall view of the financial health of the district.

- The *Statement of Activities* defines the District's expenses by function and illustrates the total that is offset by corresponding revenues (charges for services and/or operating grants and contributions). General revenue and any extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue and recognizing the change in net position for the District from the previous year.

Fund Financial Statements

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

- *The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual* is required Supplementary Information, which further explains and supports the financial statements by including a comparison of the District's budget data for the year.

- The *Notes to the Financial Statements* provide further explanation of some of the information in the statements and provide additional disclosure so statement users have a complete picture of the District's financial activities and position.

- *Supplementary Information* provides information specific to nonmajor governmental funds.

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

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

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

Table 2 - Condensed Statement of Net Position

(2021 has not been restated for GASB 87 implementation)

	2022	2021	% Change
Assets			
Current Assets	$ 17,180,938	$ 14,809,092	16.0
Non-Current Assets	61,313,709	59,584,078	2.9
Deferred Outflows of Resources	21,223,101	13,846,745	53.3
Total Assets & Deferred Outflows	$ 99,717,748	$ 88,239,915	13.0
Liabilities			
Current Liabilities	$ 6,249,008	$ 6,551,415	(4.6)
Non-Current Liabilities	12,009,072	18,971,357	(36.7)
Deferred Inflows of Resources	32,500,828	23,050,224	41.0
Total Liabilities & Deferred Inflows	$ 50,758,908	$ 48,572,996	4.5
Net Position			
Invested in Capital, Net of Related Debt	$ 41,020,028	$ 37,826,995	8.4
Restricted	13,186,072	8,047,833	63.8
Unrestricted	(5,247,260)	(6,207,909)	(15.5)
Total Net Position	$ 48,958,840	$ 39,666,919	23.4

Note: totals may not add due to rounding

As of June 30, 2022, the District reported total assets and deferred outflows of resources of $99.7 million and total liabilities and deferred inflows of resources of $50.8 million. Net position amounts to $48.9 million. Capital asset reporting includes historical cost of sites, site improvements, buildings, building improvements, furniture and equipment (all net of accumulated depreciation).

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

(2021 has not been restated for GASB 87 implementation)

		Actual 2021-2022	%	Actual 2020-2021	%
Revenues:					
Program	Charges for Services	$ 3,947,578	7.2	$ 3,490,524	7.0
	Operating Grants & Cont.	7,926,062	14.5	5,308,723	10.6
General	Property & Other Taxes	14,000,135	25.6	14,076,174	28.2
	General Aid	28,009,580	51.3	26,524,873	53.2
	Gifts	273,619	0.5	322,504	0.6
	Other	461,770	0.8	173,923	0.3
	Total Revenue	$ 54,618,744	100.0	$ 49,896,721	100.0

Note: totals may not add due to rounding.

Table 3 - Change in Net Position from Operating Results
For Governmental Activities
(2021 has not been restated for GASB 87 implementation)
(continued)

		Actual 2021-2022	%	Actual 2020-2021	%
Expenses:					
	Instruction	$ 25,521,893	56.3	$ 24,886,882	55.4
	Pupil/Instructional services	5,990,843	13.2	6,266,762	13.9
	Administration and business	10,396,272	22.9	10,325,144	23.0
	Other support	472,297	1.0	367,305	0.8
	Interest on debt	198,475	0.4	279,188	0.6
	Community service	1,129,143	2.5	933,234	2.1
	Other	1,617,945	3.6	1,896,560	4.2
	Total Expense	$ 45,326,868	100.0	$ 44,955,075	100.0
Change in Net Position		$ 9,291,876		$ 4,941,646	

Note: totals may not add due to rounding.

Revenues

- The District received $54.6 million in revenue for the 2021-22 fiscal year. $14.0 million (26%) of the District's total revenue came from local school property tax and prior year chargebacks. 66% of the total came from grants and other federal and state aid. The District receives approximately 3.9% in the form of direct fees for services. Book and activity fees, admissions to athletic events, open-enrollment tuition, and building rental fees are included as direct fees for services. 1.3% of the total came from gifts and other miscellaneous revenue. The overall make-up of the sources of revenue did not vary significantly from the previous fiscal year.

- Federal and State governments subsidized programs with grants and aid were $35.9 million. Special Education Aid and General Equalization Aid are examples of these.

Expenses

- The District's total expenditure amount was $45.3 million for fiscal year 2021-22. Pupil instruction and instructional services account for 69% of expenditures. Costs for teacher salaries/benefits, textbooks, and instructional supplies are examples of pupil instruction and instructional services. Business Administration and General/Building Administration account for 23% of total expense. These costs include individual building budgets, district maintenance, and school business insurance. The costs associated with Debt Service and Community Services account for 0.4% and 2%, respectively of all District expenses.

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

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 25,521,893	$ 19,570,068	$ 24,886,882	$ 19,461,604
Pupil/Instructional services	5,990,843	4,028,870	6,266,762	4,704,885
Administration and business	10,396,272	7,371,515	10,325,144	8,813,779
Other support	472,297	179,846	367,305	344,446
Interest on debt	198,475	198,475	279,188	279,188
Unallocated depreciation	1,617,945	1,617,945	1,799,812	1,799,812
Community service	1,129,143	486,509	933,234	655,366
Total	$ 45,326,868	$ 33,453,228	$ 44,858,327	$ 36,059,080

- The total cost of all governmental activities was $45.3 million. (Table 4)
- The net cost of governmental activities was $33.5 million. The net cost is the total cost less the program revenues. Refer to the Statement of Activities for the detailed adjustments made for the net cost of services.

General Fund Budgetary Comparison

- The District adopts an interim budget in spring for the subsequent year. Consistent with current state statutes and regulations, the original budget is amended in October to reflect the actual revenue cap and state aid certification.
- The Fund 10 final budget was approved with a balanced budget with no impact projected on fund balance. Actual results for 2021-22 show an increase in fund balance of $536,615.

Fund Balances

- The District shows a total for all fund balances of $15.0 million as of June 30, 2022. (See Note 9 in the financial statements for the detail of total governmental fund balances).
- $9.3 million is in the General Fund (Fund 10). The District utilizes this fund balance for funding short-term operations. The interest earned on investment of these funds provides additional spending capacity.
- $1.0 million is in the Debt Service Fund (Fund 30), which is reserved for future debt payments.
- $1.3 million is in the Community Service Fund (Fund 80), which is used to fund short-term operations.
- The remaining amounts are the balance of the Food Service Fund in the amount of $895,989, Gift Fund in the amount of $1.0 million and the Long-Term Capital Improvement Fund of $1.5 million.

Capital Asset and Debt Administration

Capital Assets

- The District hired an independent appraisal firm to perform a comprehensive physical inventory of all capital assets over $5,000 and calculated both annual and accumulated depreciation on all applicable capital assets as of June 30, 2022. The District reported $1,127,563 in capital asset additions and $1.9 million in depreciation expense in fiscal year 2022. (Note 3 in the Financial Statements details capital assets).

Long Term Debt

- As of June 30, 2022 the District had $9.2 million in long-term notes, general obligation bonds, lease liability and accrued compensated absences. (Note 5 in the Financial Statements details long-term obligations). The District made payments of $4.1 million on its general obligation debt during the year.

Decisions that will impact the Future of the District

The 2021-23 Wisconsin biennial budget includes a $0 revenue limit per pupil adjustment in both the 2021-22 and 2022-23 fiscal years. The revenue limit per pupil defunding will challenge South Milwaukee's ability to maintain programs and services for students. Over the past few years South Milwaukee has been declining in enrollment which is eroding our revenue limit and challenging our capacity. We need to advocate for a fiscally responsible way to account for enrollment changes that do not compromise programs or services for our students.

We witnessed a state budget process that included a lot of misinformation regarding federal revenues and ended up defunding the revenue limit which governs our ability to provide services to our community. We will have to work hard to expose the misinformation and encourage strategic use of targeted one-time federal funds so that we avoid creating a fiscal cliff in the future.

COVID-19 continues to require schools to modify our instructional delivery and continues to create some unique staffing challenges. South Milwaukee has begun to receive CARES Act funding and will be receiving ARPA funding to help fund the challenges presented by COVID-19. As the pandemic evolves, we will apply this additional funding to ensure we can continue to serve our students in the best way possible throughout the duration of the pandemic.

To maintain programs and services to students, among other items, the School District of South Milwaukee took it to the South Milwaukee voters on November 6th, 2018, and they voted (58% voted Yes) to exceed the revenue limits on a recurring basis by $3.8 million. In future years the revenue limit will be adjusted by the amounts below:

2022-23: $300,000
2023-24: $725,000
2024-25: $775,000

In addition to the approved referendum, we will be largely debt free by the 2023-24 school year. We are excited about the opportunities the referendum has and will continue to afford our students and community over the coming years.

Contacting the District's Financial Management

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

Daniel Arnold, Director of Business Services
School District of South Milwaukee
901 15th Avenue
South Milwaukee, WI 53172

Phone: (414) 766-5020
Fax: (414) 766-5029

BASIC FINANCIAL STATEMENTS

SCHOOL DISTRICT OF SOUTH MILWAUKEE
STATEMENT OF NET POSITION
June 30, 2022

ASSETS	
Current Assets	
Cash and investments	$ 13,106,126
Taxes receivable	1,894,359
Accounts receivable	16,778
Due from other governments	2,072,051
Inventories	35,503
Prepaid expenses	56,121
Total Current Assets	17,180,938
Non-current Assets	
Right-of-use leased assets, net of accumulated amortization	26,493
Capital assets, net of accumulated depreciation	50,085,305
Net WRS Pension Asset	11,201,911
Total Non-current Assets	61,313,709
Total Assets	78,494,647
Deferred Outflows of Resources	
Deferred outflows of resources from WRS pension	21,084,893
Deferred outflows of resources from OPEB	138,208
Total Deferred Outflows of Resources	21,223,101
Total Assets and Deferred Outflows of Resources	$ 99,717,748
LIABILITIES	
Current Liabilities	
Current portion of long-term obligations	$ 4,042,616
Accounts payable and accrued expenses	2,030,089
Other current liabilities	176,303
Total Current Liabilities	6,249,008
Non-current Liabilities	
Net OPEB liability	6,863,991
Non-current portion of long-term obligations	5,145,081
Total Non-current Liabilities	12,009,072
Total Liabilities	18,258,080
Deferred Inflows of Resources	
Deferred inflows of resources from WRS pension	26,373,566
Deferred inflows of resources from OPEB	6,127,262
Total Deferred Inflows of Resources	32,500,828
Total Liabilities and Deferred Inflows of Resources	50,758,908
NET POSITION	
Net investment in capital assets	41,020,028
Restricted	13,186,072
Unrestricted	(5,247,260)
Total Net Position	48,958,840
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 99,717,748

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF SOUTH MILWAUKEE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes In Net Position
Instruction				
Regular	$ 18,300,694	$ 2,714,115	$ 900,410	$ (14,686,169)
Physical	753,798	134,188	-	(619,610)
Vocational	1,136,863	207,604	47,040	(882,219)
Special education	4,664,174	-	1,841,333	(2,822,841)
Other	666,364	106,553	582	(559,229)
Total Instruction	25,521,893	3,162,460	2,789,365	(19,570,068)
Support Services				
Pupil services	2,611,822	-	566,498	(2,045,324)
Instructional support services	3,379,021	-	1,395,475	(1,983,546)
General administrative services	791,858	-	-	(791,858)
Building administrative services	2,078,488	-	-	(2,078,488)
Business administrative services	6,453,996	142,484	2,872,348	(3,439,164)
Central services	639,497	-	9,925	(629,572)
Insurance and judgements	432,433	-	-	(432,433)
Other support services	472,297	-	292,451	(179,846)
Interest and fees	198,475	-	-	(198,475)
Unallocated depreciation	1,617,945	-	-	(1,617,945)
Total Support Services	18,675,832	142,484	5,136,697	(13,396,651)
Community Service	1,129,143	642,634	-	(486,509)
Total Activities	$ 45,326,868	$ 3,947,578	$ 7,926,062	(33,453,228)
General Revenues				
Taxes				
Property taxes				
General purposes				8,440,822
Debt service				4,159,776
Community Service				1,399,537
Federal and State aids not restricted to specific functions				28,009,580
Gifts				273,619
Investment income				22,857
Miscellaneous				408,711
Total General Revenues				42,714,902
Other Income				
Gain on disposal of capital assets				30,202
Change in Net Position				9,291,876
Net Position, beginning of year, as restated				39,666,964
NET POSITION, end of year				$ 48,958,840

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF SOUTH MILWAUKEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 8,118,942	$ 1,004,810	$ 3,982,372	$ 13,106,124
Taxes receivable	1,894,359	-	-	1,894,359
Accounts receivable	26	-	16,752	16,778
Due from other funds	-	-	750,285	750,285
Due from other governments	1,908,843	-	163,208	2,072,051
Inventories	35,503	-	-	35,503
Prepaid expenses	55,034	-	1,088	56,122
Total Assets	$ 12,012,707	$ 1,004,810	$ 4,913,705	$ 17,931,222
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 231,209	$ -	$ 17,971	$ 249,180
Accrued salaries and wages	337,643	-	65,427	403,070
Due to other funds	750,285	-	-	750,285
Unearned revenue	1,258	-	116,009	117,267
Other current liabilities	1,377,837	-	-	1,377,837
Total Liabilities	2,698,232	-	199,407	2,897,639
Fund Balances				
Nonspendable	90,537	-	1,088	91,625
Restricted	1,553,726	1,004,810	4,713,210	7,271,746
Unassigned	7,670,212	-	-	7,670,212
Total Fund Balances	9,314,475	1,004,810	4,714,298	15,033,583
Total Liabilities and Fund Balances	$ 12,012,707	$ 1,004,810	$ 4,913,705	

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Right-of-Use Leased Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,493
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	50,085,305
The District's proportionate share net pension and OPEB assets (liabilities) as well as pension and OPEB related deferred outflows and deferred inflows of resources are recognized in the government-wide statements.	(6,939,807)
Long term liabilities, including bonds and notes payable and related accrued interest and deferred premium, are not due and payable in the current period and therefore are not reported in the funds.	(9,246,734)
Net Position of Governmental Activities	$ 48,958,840

See accompanying notes to the financial statements.

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

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local	$ 8,708,806	$ 4,162,322	$ 2,461,083	$ 15,332,211
Interdistrict	2,931,840	-	87,911	3,019,751
Intermediate	11,068	-	-	11,068
State	28,760,049	-	54,500	28,814,549
Federal	4,940,437	-	2,180,657	7,121,094
Other	285,381	-	4,489	289,870
Total Revenues	45,637,581	4,162,322	4,788,640	54,588,543
Expenditures				
Instruction				
Regular	15,628,811	-	239,687	15,868,498
Physical	838,727	-	-	838,727
Special education	4,808,753	-	-	4,808,753
Vocational	1,191,634	-	56,186	1,247,820
Other	666,002	-	23,957	689,959
Total Instruction	23,133,927	-	319,830	23,453,757
Support Services				
Pupil services	2,853,505	-	-	2,853,505
Instructional support services	3,610,614	-	52,769	3,663,383
General administrative services	756,052	-	85,501	841,553
Building administrative services	2,251,874	-	-	2,251,874
Business administrive services	5,873,641	-	1,823,686	7,697,327
Central services	667,935	-	2,410	670,345
Insurance and judgements	431,904	-	529	432,433
Other support services	490,437	-	557	490,994
Principal	13,827	4,005,000	-	4,018,827
Interest and fees	1,009	318,158	-	319,167
Total Support Services	16,950,798	4,323,158	1,965,452	23,239,408
Community Services	-	-	1,228,530	1,228,530
Non-Program				
General tuition payments	4,114,255	-	53,746	4,168,001
Other non-program services	33,324	-	-	33,324
Total Non-Program	4,147,579	-	53,746	4,201,325
Total Expenditures	44,232,304	4,323,158	3,567,558	52,123,020
Excess (deficiency) of revenue over expenditures	1,405,277	(160,836)	1,221,082	2,465,523
Other Financing Sources (Uses)				
Proceeds on sale of fixed assets	61,673	-	-	61,673
Transfers (to) from other funds	(930,335)	180,000	750,335	-
Net Change in Fund Balances	536,615	19,164	1,971,417	2,527,196
Fund Balances, beginning of year	8,777,860	985,646	2,742,881	12,506,387
FUND BALANCES, end of year	$ 9,314,475	$ 1,004,810	$ 4,714,298	$ 15,033,583

See accompanying notes to the financial statements.

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

Net Change in Fund Balances - Total Governmental Funds		$ 2,527,196
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report lease outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over the lease term as amortization expense.		
Amortization expense reported in the Statement of Activities		(14,148)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay reported in governmental fund statements	$ 1,127,563	
Depreciation expense reported in the Statement of Activities	(1,907,782)	
Proceeds from disposal of fixed assets	(61,673)	
Gain (loss) on disposal of fixed assets	30,202	
		(811,690)
Net difference between OPEB and pension system contributions recognized in the fund statement of revenues, expenditures, and changes in fund balances and the statement of activities.		3,432,861
Capital lease and long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of capital lease and long-term debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which proceeds exceeded payments.		4,018,827
Premiums in association with debt financing are deferred and amortized in the government-wide statements but recognized as revenue in the fund statements when received.		100,190
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		38,640
Change in Net Position		$ 9,291,876

See accompanying notes to the financial statements.

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

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Local	$ 8,636,196	$ 8,734,322	$ 8,708,806	$ (25,516)
Interdistrict	3,191,236	2,988,176	2,931,840	(56,336)
State	26,741,765	27,056,455	27,219,998	163,543
Federal	1,671,495	1,943,731	3,961,027	2,017,296
Other	100,000	100,000	285,381	185,381
Total Revenues	40,340,692	40,822,684	43,107,052	2,284,368
Expenditures				
Instruction				
Regular	15,488,438	15,569,876	15,628,811	(58,935)
Physical	877,989	877,989	838,727	39,262
Vocational	1,262,820	1,262,820	1,191,634	71,186
Other	696,553	698,553	666,002	32,551
Total Instruction	18,325,800	18,409,238	18,325,174	84,064
Support Services				
Pupil services	1,674,794	1,708,794	1,812,642	(103,848)
Instructional support services	3,240,168	3,387,366	3,308,510	78,856
General administrative services	715,675	715,675	756,052	(40,377)
Building administrative services	2,281,549	2,281,549	2,251,874	29,675
Business administrative services	4,566,027	4,550,627	5,632,402	(1,081,775)
Central services	711,984	731,984	659,935	72,049
Insurance and judgements	472,200	472,200	431,904	40,296
Other support services	112,995	115,995	490,437	(374,442)
Debt service	10,000	10,000	14,836	(4,836)
Total Support Services	13,785,392	13,974,190	15,358,592	(1,384,402)
Non-Program				
General tuition payments	3,754,646	3,672,135	3,789,610	(117,475)
Other non-program services	-	-	33,324	(33,324)
Total Non-Program	3,754,646	3,672,135	3,822,934	(150,799)
Total Expenditures	35,865,838	36,055,563	37,506,700	(1,451,137)
Excess of revenues over expenditures	4,474,854	4,767,121	5,600,352	833,231
Other Financing Uses				
Transfers to other funds	(4,474,854)	(4,767,121)	(5,125,410)	(358,289)
Net Change in Fund Balances	-	-	536,615	536,615
Fund Balances, beginning of year	8,777,860	8,777,860	8,777,860	-
FUND BALANCES, end of year	$ 8,777,860	$ 8,777,860	$ 9,314,475	$ 536,615

See accompanying notes to the financial statements.

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

	Budget			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intermediate	$ -	$ -	$ 11,068	$ 11,068
State	1,500,000	1,500,000	1,540,051	40,051
Federal	907,563	1,093,374	979,410	(113,964)
Total Revenues	2,407,563	2,593,374	2,530,529	(62,845)
Expenditures				
Instruction				
Special education	4,828,189	5,029,849	4,808,753	221,096
Total Instruction	4,828,189	5,029,849	4,808,753	221,096
Support Services				
Pupil services	1,097,967	1,135,267	1,040,863	94,404
Instructional support services	314,881	328,692	302,104	26,588
Business administrative services	182,000	277,938	241,239	36,699
Central services	-	-	8,000	(8,000)
Total Support Services	1,594,848	1,741,897	1,592,206	149,691
Non-Program				
General tuition payments	275,550	404,919	324,645	80,274
Total Non-Program	275,550	404,919	324,645	80,274
Total Expenditures	6,698,587	7,176,665	6,725,604	451,061
Deficiency of revenues over expenditures	(4,291,024)	(4,583,291)	(4,195,075)	388,216
Other Financing Sources				
Transfers from other funds	4,291,024	4,583,291	4,195,075	(388,216)
Net Change in Fund Balances	-	-	-	-
Fund Balances, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ -	$ -	$ -	$ -

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF SOUTH MILWAUKEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	Employee Benefit Trust Fund	Custodial Fund
ASSETS		
Cash and investments	$ 1,344,831	$ 44,641
Total Assets	$ 1,344,831	$ 44,641
LIABILITIES		
Total Liabilities	$ -	$ -
NET POSITION		
Restricted for post employment benefits other than pensions	1,344,831	-
Restricted for custodial funds	-	44,641
Total Net Position	1,344,831	44,641
Total Liabilities and Net Position	$ 1,344,831	$ 44,641

See accompanying notes to the financial statements.

SCHOOL DISTRICT OF SOUTH MILWAUKEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2021

	Employee Benefit Trust Fund	Custodial Fund
ADDITIONS		
Contributions		
Employer	$ 1,330,504	$ -
Plan members	136,173	-
Investment income		
Net increase in fair market value of investments	(127,155)	-
Interest	17,583	-
Other	-	73,766
Total Additions	1,357,105	73,766
DEDUCTIONS		
Other expenses	3,064	61,936
Post employment benefits	1,080,196	-
Total Deductions	1,083,260	61,936
Change in Net Position	273,845	11,830
Net position - beginning of year	1,070,986	32,811
Net position - end of year	$ 1,344,831	$ 44,641

See accompanying notes to the financial statements.

Note 1 - Summary of Significant Accounting Policies

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

A. REPORTING ENTITY

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

B. BASIS OF PRESENTATION

District-Wide Financial Statements

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

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

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

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

B. BASIS OF PRESENTATION (continued)

Fund Financial Statements

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

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

a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and

b. Total assets, liabilities, revenues, or expenditures of the individual governmental funds are at least 5 percent of the corresponding total for all governmental funds combined.

c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

Governmental Activities

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

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Permanent Funds

Permanent Funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization.

Note 1 - Summary of Significant Accounting Policies (continued)

B. BASIS OF PRESENTATION (continued)

Fiduciary Funds (Not Included in District-Wide Statements)

Private-Purpose Trust Funds

Private-purpose Trust Funds are used to account for resources legally held in trust for student scholarships.

Employee Benefit Trust Funds

Employee Benefit Trust Funds are used to account for resources legally held in trust for the District's post-retirement health insurance benefits.

Custodial Funds

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

Major Funds

The District reports the following major governmental funds:

General Fund
Debt Service Fund

Nonmajor Funds

The District reports the following nonmajor funds:

Gift Fund
Food Service Fund
Long-Term Capital Improvement Fund
Community Services Fund
Vocational Education Fund
Youth Apprenticeship Fund
SWSA/SSLC Fund

Fiduciary Funds

The District reports the following fiduciary funds:

Custodial Funds -
Pupil Activity Fund

Employee Benefit Trust Funds -
Post-Retirement Health Insurance Trust Fund

Note 1 - Summary of Significant Accounting Policies (continued)

C. BASIS OF ACCOUNTING

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

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

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

Property taxes are collected by the City of South Milwaukee until July 31. Real estate tax collections after that date are made by South Milwaukee, which assumes all responsibility for delinquent real estate taxes.

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

Property tax calendar - 2021 tax roll:

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

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

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, and investment income.

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

Note 1 - Summary of Significant Accounting Policies (continued)

C. BASIS OF ACCOUNTING (continued)

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

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

D. MEASUREMENT FOCUS

On the District-wide Statement of Net Position and Statement of Activities governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the district-wide and enterprise fund financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

E. INVENTORIES

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

F. LONG-TERM OBLIGATIONS

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

All long-term debt to be repaid from governmental resources are reported as liabilities in the District-wide statements. The long-term debt consists primarily of bonds payable and accrued compensated absences.

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

In governmental funds, debt issuance premiums received are recognized in the current period. For the District-wide financial statements, these amounts are amortized over the life of the debt issue. At June 30, 2022 the District reported $50,085 of unamortized premium.

Note 1 - Summary of Significant Accounting Policies (continued)

G. RIGHT-OF-USE LEASED ASSETS

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

H. CAPITAL ASSETS

District-Wide Statements

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

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

Site Improvements	20 years
Buildings	45 years
Furniture and equipment	5-20 years
Computer and related technology	5 years

Fund Financial Statements

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

I. INTERFUND RECEIVABLES AND PAYABLES

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

J. BUDGETS

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

K. ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS

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

L. PENSIONS

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

M. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the School District of South Milwaukee Post Employment Benefit Trust ("the Trust") and additions to/deductions from the Trust fiduciary net position have been determined on the same basis as they are reported by the district. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

N. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS

The District's policy allows certain employees to earn varying amounts of vacation pay each year depending on the total number of years employed. In some instances, the District allows carryover of these benefits. Upon retirement or termination of employment, the employee is entitled to payment in cash.

The District's policy allows certain employees to earn varying amounts of sick pay for each year employed. Upon retirement, employees are entitled to receive payment for their accumulated benefits as specified by contracts.

Vested amounts of both vacation and sick pay are reported as long-term liabilities in the statement of Net Position.

The District also allows early retirement elections. Under this program health insurance benefits are paid in future fiscal years. (See Note 6).

O. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

Note 1 - Summary of Significant Accounting Policies (continued)

P. CLAIMS AND JUDGMENTS

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

Q. INTERFUND TRANSACTIONS

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

R. EQUITY CLASSIFICATIONS

District-Wide Statements

Equity is classified as Net Position and displayed in three components:

a. Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and right-of-use leased assets, net of accumulated amortization and reduced by the outstanding balances of any bonds, mortgages, notes, lease liabilities, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt.

b. Restricted - Consists of net position with constraints placed on use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

c. Unrestricted - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." It is the practice of the District to spend restricted amounts first followed by unrestricted amounts when expenditures are incurred for purposes for which amounts in any of the net position classifications could be used.

Fund Statements

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

a. Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

b. Restricted - Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

c. Committed - Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the School Board (the District's highest level of decision-making authority).

Note 1 - Summary of Significant Accounting Policies (continued)

d. Assigned - Amounts that are intended to be used for a particular purpose expressed by the School Board or other authorized committee or individual.

e. Unassigned - All amounts not included in other spendable classifications.

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

Minimum Fund Balance Policy

The District does not have a minimum fund balance policy but recognizes the need to maintain adequate unassigned fund balance as a safeguard.

Note 2 - Cash and Investments

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 per depositor at each financial institution. Bank accounts and the local government investment pool are also insured by the state Deposit Guarantee Fund in the amount of $400,000. 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 organizations. This coverage has not been considered. At June 30, 2022, the District's uninsured deposits were $15,227,543.

Bank deposits are subject to *custodial credit risk*. *Custodial credit risk* for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned.

Fluctuating cash flows during the year due to tax collection, receipt of state aid and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts than reported at the balance sheet date.

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

1. Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.

2. Bonds or securities of any county, city, drainage district, technical college district, district, town, or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, or by the University of Wisconsin Hospitals and Clinics Authority.

3. Bonds or securities issued or guaranteed by the federal government.

4. The local government investment pool.

5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.

6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.

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

Note 2 - Cash and Investments (continued)

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

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 months	6 - 24 Months
CESA 6 Wisconsin OPEB Trust	Fair Value - Level 2	$ 1,080,129	$ 1,080,129	$ -
Wisconsin Investment Series Cooperative Investment Series	Amortized Cost	115,183	115,183	-
Local Government Investment Pool	Amortized Cost	11,822,578	11,822,578	-
		$ 13,017,890	$ 13,017,890	$ -

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

Investments in the Local Government Investment Pool (LGIP) are covered under a surety bond issued by Financial Security Assurance, Inc. The bond insures against losses arising from principal defaults on substantially all types of securities acquired by the Pool except U.S. Government and agency securities. The bond provides unlimited coverage on principal losses, reduced by any FDIC, State of Wisconsin Guarantee Fund Insurance. The District is exposed to market risk through its investment in the LGIP. The district's invested funds in the LGIP are valued at amortized cost.

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

Note 3 - Right-of-use Leased Assets

The District has Right-of-use leased assets for leased equipment. The related lease liabilities are discussed in the Leases subsection of Note 5. The right-of-use leased assets are amortized on a straight-line basis over the terms of the related leases.

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

	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
Right-of-use leased assets subject to amortization				
Equipment	$ 70,738	$ -	$ -	$ 70,738
Total Assets Being Amortized	70,738	-	-	70,738
Less: Accumulated Amortization for				
Equipment	30,097	14,148	-	44,245
Total Accumulated Amortization	30,097	14,148	-	44,245
Net Right-of-use Leased Assets	$ 40,641	$ (14,148)	$ -	$ 26,493

Amortization expense was charged to functions as follows:

Support Services	
Building administration services	$ 1,599
Central services	12,549
Total Amortization Expense	$ 14,148

Note 4 - Capital Assets

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

	Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
Capital assets not being depreciated				
Sites	$ 2,343,180	$ -	$ -	$ 2,343,180
Construction in Progress	-	913,189	-	913,189
Total Capital Assets Not Being Depreciated	2,343,180	913,189	-	3,256,369
Capital assets being depreciated				
Buildings and Improvements	81,069,800	37,510	-	81,107,310
Equipment and Machinery	8,537,808	176,864	(307,578)	8,407,094
Total Capital Assets Being Depreciated	89,607,608	214,374	(307,578)	89,514,404
Total Capital Assets	91,950,788	1,127,563	(307,578)	92,770,773
Less Accumulated Depreciation	41,053,793	1,907,782	(276,107)	42,685,468
Net Capital Assets	$ 50,896,995	$ (780,219)	$ (31,471)	$ 50,085,305

Depreciation expense was charged to functions as follows:

Instruction	
Regular	$ 36,392
Support services	
General administration services	129,725
Building administration services	42,749
Business administration services	80,971
Unallocated/general	1,617,945
Total Depreciation Expense	$ 1,907,782

Note 5 - Long-Term Obligations

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

	Balance 7/1/2021	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Bonds and Notes Payable					
Notes payable	$ 7,105,000	$ -	$ -	$ 7,105,000	$ 3,510,000
Bonds payable	5,965,000	-	4,005,000	1,960,000	450,000
Plus refunding premium	150,273	-	100,188	50,085	22,538
Total Bond and Notes Payable	13,220,273	-	4,105,188	9,115,085	3,982,538
Other Liabilities					
Lease Liability	40,596	-	13,827	26,769	14,235
Accrued compensated absences - vacation	63,983	222,722	240,862	45,843	45,843
Total Long-term Liabilities	$ 13,324,852	$ 222,722	$ 4,359,877	$ 9,187,697	$ 4,042,616

Interest paid and expended on long-term general obligation debt was $319,167 and $357,254 respectively, for the year ended June 30, 2022.

B. All general obligation debt is backed by the full faith and credit of the District and will be retired by future property tax levies and transfers from the general fund.

Type	Issue	Maturity	Rate	Orginal Indebtedness	Balance Outstanding 6/30/2022
General Obligation Debt					
Bonds	9/5/2012	10/1/2026	0.50% - 3.2%	4,595,000	$ 1,960,000
Promissory Note	4/1/2014	10/1/2024	2.50%	7,105,000	7,105,000
Total General Obligation Debt					$ 9,065,000

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

Year Ending June 30	Principal	Interest	Total
2023	$ 3,960,000	$ 236,145	$ 4,196,145
2024	4,070,000	136,020	4,206,020
2025	500,000	32,370	532,370
2026	535,000	17,120	552,120
Totals	$ 9,065,000	$ 421,655	$ 9,486,655

Note 5 - Long-Term Obligations (continued)

D. The 2021 equalized valuation of the District as certified by the Wisconsin Department of Revenue is $1,376,356,100. The legal debt limit and margin of indebtedness as of June 30, 2022 in accordance with Section 67.03(1)(b) of the Wisconsin Statutes follows:

Debt limit (10% of $1,376,356,100)	$ 137,635,610
Deduct: Long-term debt applicable to debt margin	9,065,000
Margin of indebtedness	$ 128,570,610

E. The District has several agreements to lease equipment. The leases qualify as other than short-term leases under GASB #87 and, therefore, have been recorded at the present value of the future minimum lease payments at the date of their inception. There are no variable payment components of the leases. The value of the right-of-use leased assets relating to the lease liability are discussed in Note 3. The terms of the lease agreements are as follows:

	Term				
Leased Equiment	Beginning	End	Payment	Frequency	Discount Rate
Copier	7/1/2017	6/30/2023	$ 937	Monthly	2.92%
Mail Machine 1	7/1/2017	6/30/2023	$ 409	Quarterly	2.92%
Mail Machine 2	7/1/2017	6/30/2023	$ 490	Quarterly	2.92%

The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 14,235	$ 600	$ 14,835
2024	9,002	214	9,216
2025	3,532	65	3,597
Totals	$ 26,769	$ 879	$ 27,648

Note 6 - WRS Pension Plan

Plan description. The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011 and expected to work at least 1200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issued 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.

Note 6 - WRS Pension Plan (continued)

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 occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

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

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

Note 6 - WRS Pension Plan (continued)

Contributions. Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees, including Teachers, 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 general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized $1,625,572 in contributions from the employer.

Contribution rates as of December 31,2021 are:

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2022, the School District of South Milwaukee reported a liability (asset) of ($11,201,911) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability (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 School District of South Milwaukee's proportion of the net pension liability (asset) was based on the School District of South Milwaukee's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the School District of South Milwaukee's proportion was .1389%, which was a decrease of 0.0002% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the School District of South Milwaukee recognized pension expense (revenue) of $(925,747).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,096,120	$ 1,304,925
Net differences between projected and actual earnings on pension plan investments	-	25,059,606
Changes of Actuarial Assumptions	2,089,893	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,216	9,035
Employer contributions subsequent to the measurement date	888,664	-
Total	**$ 21,084,893**	**$ 26,373,566**

Note 6 - WRS Pension Plan (continued)

$888,664 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Net Deferred Outflows (Inflows) of Resources
2022	$ (525,494)
2023	$ (3,038,529)
2024	$ (1,333,569)
2025	$ (1,279,745)

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 Seniority/Merit	 3.0% 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 the 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Note 6 - WRS Pension Plan (continued)

Asset Allocation Targets and Expected Returns[1]
As of December 31, 2021

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

[1] Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations
[2] New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%
[3]The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This result in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.

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

Note 6 - WRS Pension Plan (continued)

Sensitivity of the School District of South Milwaukee's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the School District of South Milwaukee's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the School District of South Milwaukee'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 (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
School District of South Milwaukee's proportionate share of the net pension liability (asset)	$7,948,550	($11,201,911)	($24,986,680)

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

Note 7 – Other Post Employment Benefits

Plan Description. The District operates a post-employment benefit trust, single-employer retiree benefit plan that provides post employment medical insurance benefits to eligible employees and their spouses.

Plan Membership. There are 234 active and 44 retired members in the plan as of July 1, 2021, the most recent actuarial valuation date. Benefits and eligibility are established and amended by the governing body.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2022, the School District of South Milwaukee reported a liability of $6,863,991 for its net OPEB liability (asset). The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of July 1, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

Funding Policy. The District has $1,344,831 of invested plan assets accumulated for payment of future benefits. For the year ended June 30, 2022, District contributions were $1,330,504 and retiree contributions were $136,173 for a total of $1,466,677 contributed to the Trust.

Investment Policy. Investment management of the Trust assets shall be in accordance with the following asset allocation guidelines:

Asset Class	Minimum	Maximum	Preferred
Domestic Equity	10%	40%	30%
International Equity	0%	10%	0%
Inflation Sensitive	0%	10%	0%
High Yield Bonds	0%	20%	10%
Fixed Income IG Bonds	40%	75%	55%
Cash Equivalents	0%	30%	5%

Note 7 – Other Post Employment Benefits (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 5,501,307
Changes in assumptions	49,103	625,955
Net difference between projected and actual earnings on OPEB plan investments	89,105	-
Total	**$ 138,208**	**$ 6,127,262**

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

Year ended June 30,	Net Deferred Outflows (Inflows) of Resources
2023	$ (398,317)
2024	$ (394,841)
2025	$ (393,554)
2026	$ (390,065)
2027	$ (380,180)
Thereafter	$ (4,032,097)

For the year ended June 30, 2022, the School District of South Milwaukee recognized OPEB expense of $448,962. The OPEB expense is made up of certain changes in the total OPEB liability and amortization of the net deferred outflows (inflows) of resources.

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	July 1, 2021
Measurement Date:	June 30, 2022
Actuarial Cost Method:	Entry Age
Asset Valuation Method:	Fair Value
Discount Rate:	3.55% (20-year AA rated municipal bond rate)
Mortality:	WRS 2015-17 Experience Study for Public School Employees
Annual Termination Rates:	WRS 2015-17 Experience Study for Public School Employees
Disability Rates:	WRS 2015-17 Experience Study for Public School Employees
New Employees:	None
Annual Rates of Retirement	WRS 2015-17 Experience Study for Public School Employees
Salary Increases:	5.6%-.2% for 1-30 years of experience
Administrative Expenses:	Included in claim cost
Assumed Rate of Return on Plan Assets:	3.00%
Health Care Cost Trend:	5.00%

Note 7 – Other Post Employment Benefits (continued)

Sensitivity of the School District of South Milwaukee's net OPEB liability (asset) to changes in the discount rate. The following presents the District's net OPEB liability (asset) calculated using the discount rate of 3.55%, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (2.55%) or 1-percentage-point higher (4.55%) than the current rate:

	1% Decrease to Discount Rate (2.55%)	Current Discount Rate (3.55%)	1% Increase to Discount Rate (4.55%)
Net OPEB liability (asset)	$7,174,143	$6,863,991	$6,561,284

Sensitivity of the School District of South Milwaukee's net OPEB liability (asset) to changes in the healthcare cost trend rates. The following presents the District's net OPEB liability (asset) calculated using the healthcare cost trend rate of 5.0% as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.0%) or 1-percentage-point higher (6.0%) than the current rate.

	1% Decrease to Trend Rates (4.0%)	Current Trend Rates (5.0%)	1% Increase to Trend Rates (6.0%)
Net OPEB liability (asset)	$6,862,111	$6,863,991	$6,865,629

Note 8 - Governmental Activities Net Position

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

Governmental Activities	
Net investment in capital assets	
Capital assets, net of accumulated depreciation	$ 50,085,304
Right-of-use leased assets, net of accumulated amortization	26,493
Less: related long-term debt outstanding	(9,091,769)
Total Net Investment in Capital Assets	41,020,028
Restricted	
General Fund - unspent common school library funds	493
General Fund - unspent get kids ahead funds	47,546
General Fund - self-funded health insurance	1,505,687
Debt Service	1,004,810
Nonmajor funds	4,714,298
Net WRS restricted net position	5,913,238
Total Restricted	13,186,072
Unrestricted	(5,247,260)
Total Governmental Activities Net Position	$ 48,958,840

Note 9 - Governmental Fund Balances

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

Nonspendable	
Inventories and prepaid expenses:	
General Fund	$ 90,537
Community Service	1,088
Total Nonspendable Fund Balance	91,625
Restricted	
General Fund - unspent common school library funds	493
General Fund - unspent get kids ahead funds	47,546
General Fund - self-funded health insurance	1,505,687
Debt Service	1,004,810
Gift Fund	1,015,227
Food Service	895,989
Long-Term Capital Improvement Fund	1,467,959
Community Service	1,334,035
Total Restricted Fund Balance	7,271,746
Unassigned	7,670,212
Total Governmental Fund Balances	$ 15,033,583

Note 10 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position

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

Right-of-Use Leased Assets, net of accumulated amortization	$ 26,493

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Capital assets, net of accumulated depreciation	$ 50,085,305

Note 10 - Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Statement of Net Position (continued)

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

Net WRS pension asset	$ 11,201,911
Net OPEB liability	(6,863,991)
Deferred outflows of resources from WRS pension	21,084,893
Deferred outflows of resources from OPEB	138,208
Deferred inflows of resources from WRS pension	(26,373,566)
Deferred inflows of resources from OPEB	(6,127,262)
Combined Adjustment	$ (6,939,807)

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

General obligation bonds and notes payable	$ (9,065,000)
Net deferred debt premium	(50,085)
Lease Liability	(26,769)
Accrued compensated absences	(45,843)
Accrued interest on long-term obligations	(59,037)
Combined Adjustment	$ (9,246,734)

Note 11 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

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

Capital expenditures	$ 1,127,563
Depreciation expense	(1,907,782)
Proceeds from disposal of fixed assets	(61,673)
Gain on disposal of fixed assets	30,202
Combined Adjustment	$ (811,690)

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

Amortization expense	$ (14,148)

Note 11 - Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities (continued)

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

Employer WRS Contributions	$ 1,625,572
WRS pension revenue	925,747
OPEB benefits paid	1,330,504
OPEB expense	(448,962)
Combined Adjustment	$ 3,432,861

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

Principal payments on long-term debt	$ 4,005,000
Principal payments on Leases	13,827
Combined Adjustment	$ 4,018,827

Premiums in association with debt refinancing are deferred and amortized in the government-wide statements but recognized as revenue in the fund statements. The adjustment is as follows:

Amortization of debt premium	$ 100,190

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

Compensated absences	$ 18,140
Accrued interest	20,500
Combined Adjustment	$ 38,640

Note 12 - Risk Management

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

Note 13 - Commitments and Contingencies

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

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

The School District of South Milwaukee, as described in Note 6, has agreed to provide “other post employment benefits” (OPEB) to employees who have terminated their employment with the District and have satisfied specified eligibility standards. This activity is accounted for in the CESA 6 WI OPEB Trust (the Trust). The District’s funding obligation for OPEB costs is to pay current expenses as they become due. There is no legal or accounting requirement that the District pay, in any year, an amount in excess of current benefits.

Note 14 - Limitation of School District Revenues

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

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

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

Note 15 - Excess Expenditures Over Appropriations

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

Fund - Function	Excess Expenditures
General Fund	
Regular instruction	$ 58,935
Pupil services	$ 103,848
General administrative services	$ 40,377
Business administrative services	$ 1,081,775
Other support services	$ 374,442
Debt service	$ 4,836
General tuition payments	$ 117,475
Other non-program services	$ 33,324
Special Education Fund	
Central services	$ 8,000

Note 16 - Interfund Activity

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

Fund Transferred To	Fund Transferred From	Amount
Debt Service	General Fund	$ 180,000
Long-Term Capital Improvement Fund	General Fund	750,285
Youth Apprenticeship Fund	General Fund	50
Total - Fund Financial Statements		750,335
Less: Eliminations		(750,335)
Total Transfers - Government-Wide Statement of Activities		$ -

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

Note 17 - Self-Funded Insurance Program

The District established a self-funded health and dental benefit plan for its employees. The Plan administrator, HNI Risk Advisors, is responsible for the approval, processing, and payments of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30.

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

As part of the health care coverage of the Plan, the District purchases stop-loss coverage, which pays claims in excess of $100,000 per individual and/or 125% of the annual estimated claims as provided by HNI Risk Advisors. For the year ended June 30, 2022, the aggregate claim limit was $5,776,628. The District has no stop-loss coverage for dental care coverage of the Plan.

On June 30, 2022, the District has reported a liability of $1,279,669, which represents reported and unreported claims which were incurred on or before June 30, 2022, but were not paid by the District as of that date. This amount consists of claims reported to the District by the Plan administrator of $1,034,802 and claims which were not yet reported to either the Plan administrator or the District of $244,867. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2022 and June 30, 2021 are as follows:

	Year Ended June 30, 2022	Year Ended June 30, 2021
Estimated Claims Outstanding July 1	$ 1,265,399	$ 1,445,506
Current Year Claims and Changes in Estimates	3,808,549	3,943,106
Claim Payments	(3,794,279)	(4,123,213)
Estimated Claims Outstanding June 30	$ 1,279,669	$ 1,265,399

Note 18 - Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure through December 13, 2022 the date the financial statements were available to be distributed.

Note 19 - Prior Period Adjustment, Change in Accounting Principle, and Change in Estimate

The net position as of July 1, 2021 has been increased by $45 as a result of the District implementing GASB #87, *Leases*.

The following illustrates the change in accounting principle as shown on the Districts Statement of Net Position and Statement of Activities for the year ended June 30, 2022:

Net position as previously reported on July 1, 2021	$ 39,666,919
Beginning Right-of-Use Asset, net of accumulated amortization	40,641
Beginning Lease Liability	(40,596)
Net position, as restated	$ 39,666,964

Note 20 - Recently Issued Accounting Standards

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

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

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

Note 20 - Recently Issued Accounting Standards (continued)

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

The GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made.

Note 20 - Recently Issued Accounting Standards (continued)

Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The effect these standards may have on future financial statements is not determinable at this time.

REQUIRED SUPPLEMENTAL INFORMATION

SCHOOL OF SOUTH MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
Last 10 Fiscal Years* (built prospectively)

	2022	2021	2020	2019	2018	2017	2016	2015
School District of South Milwaukee's proportion of the net pension liability (asset)	0.1389%	0.1391%	0.1405%	0.1430%	0.1447%	0.1458%	0.1471%	0.1484%
School District of South Milwaukee's proportionate share of the net pension liability (asset)	(11,201,911)	($8,687,083)	($4,529,820)	$5,086,949	($4,294,899)	$1,201,481	$2,390,242	($3,644,976)
School District of South Milwaukee's covered-employee payroll	$23,938,712	$23,160,616	$21,826,434	$21,420,202	$21,280,532	$20,809,042	$20,589,535	$20,601,595
School District of South Milwaukee's proporitionate share of the net pension liability (asset) as a percentage of the covered-employee payroll	(46.79%)	(37.51%)	(20.73%)	23.75%	(20.18%)	5.77%	11.61%	17.69%
Plan fiduciary net position as a percentage of the total pension liability (asset)	106.02%	105.26%	102.96%	96.45%	102.93%	99.12%	98.20%	102.74%

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

(See Note 6 and Notes to Required Supplementary Information)

SCHOOL OF SOUTH MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
Last 10 Fiscal Years* (built prospectively)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$1,625,572	$1,575,921	$1,440,918	$1,443,839	$1,454,146	$1,382,919	$1,401,235	$1,442,992
Contributions in relation to the contractually required contributions	$1,625,572	$1,575,921	$1,440,918	$1,443,839	$1,454,146	$1,382,919	$1,401,235	$1,442,992
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District of South Milwaukee's covered-employee payroll	$23,938,712	$23,160,616	$21,846,434	$21,420,202	$21,280,532	$20,809,042	$20,589,535	$20,601,595,
Contributions as a percentage of covered-employee payroll	6.79%	6.80%	6.60%	6.74%	6.83%	6.65%	6.81%	7.00%

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

(See Note 6 Notes to Required Supplementary Information)

SCHOOL OF SOUTH MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
OTHER POST EMPLOYMENT BENEFITS PLAN
Last 10 Fiscal Years (built prospectively)

	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Total OPEB liability - beginning	$ 10,927,258	$ 11,757,745	$ 14,911,427	$ 15,355,645	$ 15,109,095	$ 15,218,828
Changes for the year:						
Service Cost	568,566	583,771	485,286	505,195	486,417	454,261
Interest	167,480	191,989	434,054	439,291	572,837	597,736
Benefit payments	(1,080,196)	(1,162,463)	(993,716)	(1,388,704)	(1,406,670)	(1,157,512)
Administrative expense	-	-	-	-	-	-
Differences between expected and actual experience	(1,748,331)	(485,731)	(3,586,292)	-	59,942	(26,883)
Changes of assumptions or other input	(625,955)	41,947	506,986	-	534,024	22,665
Net Changes	(2,718,436)	(830,487)	(3,153,682)	(444,218)	246,550	(109,733)
Total OPEB liability - ending (a)	$ 8,208,822	$ 10,927,258	$ 11,757,745	$ 14,911,427	$ 15,355,645	$ 15,109,095
Fiduciary Net Position						
Fiduciary net position - beginning	$ 1,070,986	$ 828,280	$ 378,632	$ 542,654	$ 538,129	$ 346,484
Changes for the year:						
Contributions - Employer	1,466,677	1,331,393	1,421,155	1,200,464	1,393,817	1,335,770
Net Investment Income	(112,636)	73,776	22,209	23,814	17,378	13,387
Benefit payments	(1,080,196)	(1,162,463)	(993,716)	(1,388,704)	(1,406,670)	(1,157,512)
Net Changes	273,845	242,706	449,648	(164,426)	4,525	191,645
Fiduciary net position - ending (b)	$ 1,344,831	$ 1,070,986	$ 828,280	$ 378,228	$ 542,654	$ 538,129
Net OPEB liability (asset) - ending (a) - (b)	$ 6,863,991	$ 9,856,272	$ 10,929,465	$ 14,533,199	$ 14,812,991	$ 14,570,966
Plan Fiduciary net position as a percentage of the total OPEB liability	84%	90%	93%	97%	96%	96%
Covered-employee payroll	$ 21,400,056	$ 21,394,414	$ 20,686,072	$ 20,153,040	$ 19,928,935	$ 19,163,699
Net OPEB liability as a percentage of covered-employee payroll	32.07%	46.07%	52.83%	72.11%	74.33%	76.03%

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

(See Note 7 and Notes to Required Supplementary Information)

SCHOOL OF SOUTH MILWAUKEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN ON INVESTMENTS
OTHER POST EMPLOYMENT BENEFITS PLAN
Last 10 Fiscal Years (built prospectively)

Year Ending June 30	Rate of Return
2022	-0.4%
2021	11.2%
2020	5.2%
2019	5.9%
2018	3.2%
2017	2.5%

(See Note 7 and Notes to Required Supplementary Information)

Note 1 – Other Post Employment Benefit Plan

Changes of benefit terms. There have been no substantive plan changes since the prior valuation.

Changes of assumptions. The discount rate has been changed from 1.55% to 3.55%. The census has been updated. Other assumptions are consistent with those used in the prior valuation.

Note 2 – Wisconsin Retirement System (WRS) Pension Data

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

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

Changes of assumptions:

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

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

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

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

Note 2 - Wisconsin Retirement System (WRS) Pension Data (continued)

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

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

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

Note 2 - Wisconsin Retirement System (WRS) Pension Data (continued)

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

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

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

SUPPLEMENTAL FINANCIAL INFORMATION

SCHOOL DISTRICT OF SOUTH MILWAUKEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Gift Fund	Food Service	Long-Term Capital Improvement Fund	Community Service	Vocational Education Fund	Youth Apprenticeship Fund	SWSA/ SSLC Fund	Total Nonmajor Governmental Funds
ASSETS								
Cash and investments	$ 1,022,160	$ 938,789	$ 717,674	$ 1,417,691	$ (108,708)	$ (53,797)	$ 48,563	$ 3,982,372
Accounts receivable	-	-	-	16,752	-	-	-	16,752
Due from other funds	-	-	750,285	-	-	-	-	750,285
Due from other governments	-	-	-	-	108,708	54,500	-	163,208
Prepaid expenses	-	-	-	1,088	-	-	-	1,088
Total Assets	$ 1,022,160	$ 938,789	$ 1,467,959	$ 1,435,531	$ -	$ 703	$ 48,563	$ 4,913,705
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	$ 6,933	$ 1,819	$ -	$ 5,842	$ -	$ 703	$ 2,674	$ 17,971
Accrued salaries and wages	-	21,309	-	44,118	-	-	-	65,427
Unearned Revenue	-	19,672	-	50,448	-	-	45,889	116,009
Other current liabilities	-	-	-	-	-	-	-	-
Total Liabilities	6,933	42,800	-	100,408	-	703	48,563	199,407
Fund Balances								
Nonspendable	-	-	-	1,088	-	-	-	1,088
Restricted	1,015,227	895,989	1,467,959	1,334,035	-	-	-	4,713,210
Total Fund Balances	1,015,227	895,989	1,467,959	1,335,123	-	-	-	4,714,298
Total Liabilities and Fund Balances	$ 1,022,160	$ 938,789	$ 1,467,959	$ 1,435,531	$ -	$ 703	$ 48,563	$ 4,913,705

See accompanying notes to the financial statements.

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

	Gift Fund	Food Service	Long-Term Capital Improvement Fund	Community Service	Vocational Education Fund	YOUTH Apprenticeship Fund	SWSA/ SSLC Fund	Total Nonmajor Governmental Funds
REVENUES								
Local	$ 249,890	$ 142,484	$ 1,601	$ 2,067,108	$ -	$ -	$ -	$ 2,461,083
Interdistrict	-	-	-	-	-	-	87,911	87,911
State	-	-	-	-	-	54,500	-	54,500
Federal	-	1,945,880	-	126,069	108,708	-	-	2,180,657
Other revenue	-	-	-	4,489	-	-	-	4,489
Total Revenues	249,890	2,088,364	1,601	2,197,666	108,708	54,500	87,911	4,788,640
EXPENDITURES								
Instruction								
Regular	197,287	-	42,400	-	-	-	-	239,687
Vocational	-	-	-	-	42,686	13,500	-	56,186
Other	23,957	-	-	-	-	-	-	23,957
Total Instruction	221,244	-	42,400	-	42,686	13,500	-	319,830
Support Services								
Instructional support	-	-	-	-	11,719	41,050	-	52,769
General administrative services	-	-	-	-	-	-	85,501	85,501
Business administrative services	-	1,510,935	177,068	135,683	-	-	-	1,823,686
Central services	-	-	-	-	-	-	2,410	2,410
Insurance and judgements	-	529	-	-	-	-	-	529
Other support services	-	-	-	-	557	-	-	557
Community services	40	-	-	1,228,490	-	-	-	1,228,530
Total Support Services	40	1,511,464	177,068	1,364,173	12,276	41,050	87,911	3,193,982
Non-Program								
General tuition payments	-	-	-	-	53,746	-	-	53,746
Total Non-Program	-	-	-	-	53,746	-	-	53,746
Total Expenditures	221,284	1,511,464	219,468	1,364,173	108,708	54,550	87,911	3,567,558
Excess (deficiency) of revenues over expenditures	28,606	576,900	(217,867)	833,493	-	(50)	-	1,221,082
OTHER FINANCING SOURCES								
Transfers from other funds	-	-	750,285	-	-	50	-	750,335
Net Change in Fund Balances	28,606	576,900	532,418	833,493	-	-	-	1,971,417
Fund Balances, beginning of year	986,621	319,089	935,541	501,630	-	-	-	2,742,881
FUND BALANCES, end of year	$ 1,015,227	$ 895,989	$ 1,467,959	$ 1,335,123	$ -	$ -	$ -	$ 4,714,298

See accompanying notes to the financial statements.

SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS AND RELATED AUDITOR'S REPORTS

SCHOOL DISTRICT OF SOUTH MILWAUKEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Awarding Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Program or Award Amount	Accrued Receivable 7/1/2021	Expenditures Grantor	Revenues Grantor Reimbursements	Accrued Receivable 6/30/2022
U.S. DEPARTMENT OF EDUCATION							
State of Wisconsin							
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
IDEA Cluster							
IDEA Flow Through	84.027	2022-405439-DPI-FLOW-341					
July 1, 2020 - June 30, 2021			$ 814,610	$ 299,672	$ -	$ 299,672	$ -
July 1, 2021 - June 30, 2022			$ 711,435	-	711,435	139,844	571,591
IDEA Flow Through ARPA	84.027	2022-405439-DPI-FLOW-341					
July 1, 2021 - June 30, 2022			$ 240,997	-	108,681	22,105	86,576
IDEA CEIS ARPA	84.027	2022-405439-DPI-FLOW-341					
July 1, 2021 - June 30, 2022			$ 70,382	-	58,711	-	58,711.0
IDEA Preschool Entitlement	84.173	2022-405439-DPI-PRESCH-347					
July 1, 2020 - June 30, 2021			$ 55,007	39,282	-	39,282	-
July 1, 2021 - June 30, 2022			$ 16,109	-	16,109	16,109	-
Preschool ARPA	84.173	2022-405439-DPI-PRESCH-347					
July 1, 2021 - June 30, 2022			$ 35,078	-	16,673	9,816	6,857
TOTAL IDEA CLUSTER				338,954	911,609	526,828	723,735
Education Stabilization Fund							
ESSER - School Emergency Relief (COVID-19)	84.425D	2021-405439-DPI-ESSERF-160					
March 13, 2020 - September 30, 2022	Public		$ 477,427	300,698	-	300,698	-
March 13, 2020 - September 30, 2022	Private		$ 70,423	35,180	27,934	63,114	-
ESSER II-School Emergency Relief (COVID-19)	84.425D	2022-405439-DPI-ESSERFII-163					
March 13, 2020 - September 30, 2023	Public		$ 2,487,483	-	1,250,023	1,223,293	26,730
ESSER III- School Emergency Relief (COVID-19)	84.425U	2022-405439-DPI-ESSERFIII-165					
March 13, 2020 - September 30, 2024	Public		$ 2,146,772	-	841,672	513,668	328,004
GEERF - Governor's Emergency Education Relief (COVID-19)	84.425C	2021-405439-DPI-GEERF-162					
July 1, 2020 - September 30, 2022	Public		$ 380,116	77,607	98,343	175,950	-
July 1, 2020 - September 30, 2022	Private		$ 57,710	-	4,360	4,360	-
TOTAL EDUCATION STABILIZATION FUND				413,485	2,222,332	2,281,083	354,734
ESEA Title III - A Acquisition Grants	84.365	2022-405439-DPI-TIIIA-391					
July 1, 2020 - June 30, 2021	Public		$ 50,100	37,508	-	37,508	-
July 1, 2020 - June 30, 2021	Private		$ 20,107	19,847	-	19,847	-
July 1, 202 - June 30, 2022	Public		$ 21,550	-	19,066	-	19,066
ESEA Title IV - A Student Support	84.424	2022-405439-DPI-TIVA-381					
July 1, 2020 - June 30, 2021	Public		$ 50,065	9,000	-	9,000	-
July 1, 2021 - June 30, 2022	Public		$ 52,050	-	10,819	6,314	4,505
July 1, 2021 - June 30, 2022	Private		$ 6,310	-	5,518	3,507	2,011
RPIC Grant	84.037	2022-405439-DPI-RtP:LEA-342					
July 1, 2020 - June 30, 2021			$ 13,800	13,800	-	13,800	-
July 1, 2021 - June 30, 2022			$ 16,000	-	11,900	-	11,900
Title 1 - Basic Grant	84.010	2022-405439-DPI-TIA-141					
July 1, 2020 - June 30, 2021	Public		$ 774,466	564,288	-	564,288	-
July 1, 2020 - June 30, 2021	Private		$ 14,034	10,717	-	10,717	-
July 1, 2021 - June 30, 2022	Public		$ 1,004,696	-	856,094	366,374	489,720
July 1, 2021 - June 30, 2022	Private		$ 30,629	-	23,555	8,000	15,555
Carl Perkins - Vocational Education	84.048	2022-405439-DPI-CTE-400					
July 1, 2020 - June 30, 2021			$ 95,394	95,394	-	95,394	-
July 1, 2021 - June 30, 2022			$ 108,708	-	108,708	-	108,708
Title II A - Class Sized Reduction	84.367	2022-405439-DPI-TIIA-365					
July 1, 2020 - June 30, 2021	Public		$ 157,629	84,442	-	84,442	-
July 1, 2020 - June 30, 2021	Private		$ 12,537	12,537	-	12,537	-
July 1, 2021 - June 30, 2022	Public		$ 163,126	-	131,666	96,699	34,966
July 1, 2021 - June 30, 2022	Private		$ 16,389	-	13,392	13,392	-
TOTAL U.S. DEPARTMENT OF EDUCATION				1,599,972	4,314,658	4,149,730	1,764,900

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

SCHOOL DISTRICT OF SOUTH MILWAUKEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022
(continued)

Awarding Agency/Pass-Through Agency/Award Description	Federal CFDA Number	Pass-Through Entity Identifying Number	Program or Award Amount	Accrued Receivable 7/1/2021	Expenditures Grantor	Revenues Grantor Reimbursements	Accrued Receivable 6/30/2022
U.S. DEPARTMENT OF HEALTH AND FAMILY SERVICES							
Medicaid Reimbursement	93.778	44217800					
July 1, 2020 - June 30, 2021				$ 5,433	$ -	$ 5,433	$ -
July 1, 2021 - June 30, 2022				-	309,319	304,046	5,273
TOTAL U.S. DEPARTMENT OF HEALTH AND FAMILY SERVICES				5,433	309,319	309,479	5,273
SMALL BUSINESS ADMINISTRATION							
Shuttered Venue Operators Grant	59.075	-					
July 1, 2021 - June 30, 2022			$ 126,069	-	126,069	126,069	-
TOTAL SMALL BUSINESS ADMINISTRATION				-	126,069	126,069	-
U.S. DEPARTMENT OF TREASURY							
GKA-Get Kids Ahead ARPA	21.027	-					
July 1, 2021 - June 30, 2022			$ 47,546	-	-	47,546	(47,546)
TOTAL U.S. DEPARTMENT OF TREASURY				-	-	47,546	(47,546)
U.S. DEPARTMENT OF AGRICULTURE							
Child Nutrition Cluster							
National Summer School Food Service	10.559	2022-405439-DPI-SFSP-566					
July 1, 2020 - June 30, 2021				70,332	-	70,332	-
July 1, 2021 - June 30, 2022				-	62,737	62,737	-
Food Distribution (Commodities)	10.555	2022-405439-DPI-NSLAE-566		-	144,407	144,407	-
July 1, 2021 - June 30, 2022							
National School Breakfast Program	10.553	2022-405439-DPI-SB-SEVERE-546					
July 1, 2021 - June 30, 2022				-	385,987	385,987	-
National School Lunch Program	10.555	2022-405439-DPI-NSL-547					
July 1, 2021 - June 30, 2022				-	1,205,261	1,205,261	-
National School Lunch Program - COVID-19	10.555	2022-405439-DPI-NSL-547					
July 1, 2021 - June 30, 2022				-	147,488	147,488	-
TOTAL CHILD NUTRITION CLUSTER AND U.S. DEPARTMENT OF AGRICULTURE				70,332	1,945,880	2,016,212	-
TOTAL FEDERAL AWARDS				$ 1,675,737	$ 6,695,926	$ 6,649,036	$ 1,722,627

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

SCHOOL DISTRICT OF SOUTH MILWAUKEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Year Ended June 30, 2022

Awarding Agency/Pass-Through Agency/Award Description	State ID Number	Pass-Through Entity Identifying Number	Accrued Receivable 7/1/2021	Revenue/ Expenditures	Reimbursements	Accrued Receivable 6/30/2022
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
Entitlement Programs						
Major Programs						
General Equalization	255.201	405439-116	$ 354,053	$ 24,311,660	$ 24,665,713	$ -
High Poverty Aid	255.926	405439-121	-	152,157	152,157	-
Integration Aid - Non-resident	255.204	405439-106	-	37,571	37,571	-
Handicapped Pupils and School Age Parents	255.101	405439-100	-	1,540,051	1,540,051	-
Total Major Programs			354,053	26,041,439	26,395,492	-
Nonmajor Programs						
Common School Library Fund	255.103	405439-104	-	125,470	125,470	-
Per Pupil Adjustment Aid	255.945	405439-113	-	2,096,150	2,096,150	-
Student Achievement Guarantee in Education	255.504	405439-160	-	260,988	260,988	-
Educator Effectiveness Grant	255.940	405439-154	-	19,600	19,600	-
Early College Credit Program	255.445	405439-178	-	1,164	1,164	-
Assessments of Reading Readiness	255.956	405439-166	-	3,959	3,959	-
Aid for School Mentel Health Program	255.227	405439-176	-	86,513	-	86,513
Total Nonmajor Programs			-	2,593,844	2,507,331	86,513
Total Wisconsin Department of Public Instruction			354,053	28,635,283	28,902,823	86,513
Wisconsin Department of Workforce Development						
Aide to Teacher Grant	445.109	-	-	36,591	36,591	-
Youth Apprenticeship Grant	445.107	-	32,400	54,500	32,400	54,500
Total Wisconsin Department of Workforce Development			32,400	91,091	68,991	54,500
Total State Awards			$ 386,453	$ 28,726,374	$ 28,971,814	$ 141,013

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

SCHOOL DISTRICT OF SOUTH MILWAUKEE
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
June 30, 2022

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

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

The District has not elected to use the 10% deminimis cost rate as covered in Uniform Guidance Section 200.414 *Indirect* (F & A) Costs.

Note 3 - Oversight Agencies

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

Note 4 - Eligible Costs for Special Education

Eligible costs for special education under project 011 were $5,582,865 for the year ended June 30, 2022.

SCHUMACHER SAMA CERTIFIED PUBLIC ACCOUNTANTS

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

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

Board of Education
School District of South Milwaukee
Milwaukee County, Wisconsin

We have audited, in accordance with the auditing standards generally accept in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of South Milwaukee (the "District") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District of South Milwaukee's basic financial statements, and have issued our report thereon dated December 13, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

School District of South Milwaukee's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to 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.

SCHUMACHER SAMA, LLP

Schumacher Sama, LLP

Wauwatosa, Wisconsin
December 13, 2022

SCHUMACHER SAMA CERTIFIED PUBLIC ACCOUNTANTS

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

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

Board of Education
School District of South Milwaukee
Milwaukee County, Wisconsin

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal and State Program

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

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

SCHMACHER SAMA, LLP

Schmacher Sama, LLP

Wauwatosa, Wisconsin
December 13, 2022

SCHOOL DISTRICT OF SOUTH MILWAUKEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	____ yes	__X__ no
Significant deficiencies identified not considered to be material weaknesses?	__X__ yes	_____ no
Noncompliance material to financial statements noted?	____ yes	__X__ no

Federal Awards

Internal control over major programs		
Material weakness(es) identified?	____ yes	__X__no
Significant deficiencies identified not considered to be material weaknesses?	_____ yes	__X__ no
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes	__X___ no

Identification of major programs

CFDA NUMBER(S)	Name of Federal Program or Cluster
10.555	Child Nutrition Cluster
84.010	Title I
93.778	Medicaid

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

Auditee qualified as low-risk auditee? __X___ yes _____ no

SCHOOL DISTRICT OF SOUTH MILWAUKEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

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

State Awards

Internal control over major programs		
Material weakness(es) identified?	____ yes	__X__ no
Significant deficiencies identified not considered to be material weaknesses?	____ yes	__X__ no
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings disclosed that are required in accordance with Title 2 CFR 200.510(a)?	____ yes	__X__ no

Identification of major state programs

State Identification Number	Name of State Program or Cluster
255.201	Equalization Aid - General Aids Cluster
255.204	Integration Aid - Non-resident - General Aids Cluster
255.926	High Poverty Aid - General Aids Cluster
255.101	Handicapped Pupils and School Age Parents

Section II: Financial Statement Findings

Finding 2022-001

Criteria – *Government Auditing* Standards considers the inability to report financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP) to be an internal control deficiency.

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

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

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

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

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

SCHOOL DISTRICT OF SOUTH MILWAUKEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section III: Federal and State Awards Findings and Questioned Costs

Federal

There were no findings or questioned costs for federal awards.

State

There were no findings or questioned costs for state awards.

Section IV: Other issues

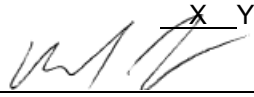
1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? ____Yes __X__No ____N/A

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant 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 *State Single Audit Guidelines:*

Department of Health Services	____Yes	__X__No	____N/A
Department of Workforce Development	____Yes	__X__No	____N/A
Department of Justice	____Yes	__X__No	____N/A

3. Was a Management letter or other document conveying audit comments issued as a result of this audit? __X__Yes ____No ____N/A

4. Name and signature of partner



Michael A. Sama, CPA

Date of report December 13, 2022

SCHOOL DISTRICT OF SOUTH MILWAUKEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022
CORRECTIVE ACTION PLAN

Financial Statement

Finding 2022-001: Inability to Report Financial Data

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

SCHOOL DISTRICT OF SOUTH MILWAUKEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

Financial Statements

Finding 2021-001 Inability to report financial data

Criteria – *Government Auditing* Standards considers the inability to report financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP) to be an internal control deficiency.

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

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

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

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

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

Status of Finding – No Change