

APPLETON AREA SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



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INDEPENDENT AUDITORS' REPORT

Board of Education
Appleton Area School District
Appleton, Wisconsin

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Appleton Area School District, Appleton, Wisconsin (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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, the major fund, and the aggregate remaining fund information of the Appleton Area School District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Appleton Area School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 1.F. to the financial statements, effective July 1, 2021, the District adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Appleton Area School 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 Appleton Area School 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, the budgetary comparison information, and the schedules relating to pensions and other postemployment benefits be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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 GAAS, 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 Appleton Area School District's basic financial statements. The combining nonmajor fund financial statements, schedule of charter school authorizer costs, schedule of expenditures of federal awards and schedule of expenditures of state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *State Single Audit Guidelines* issued 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 GAAS. In our opinion, the combining nonmajor fund financial statements, schedule of charter school authorizer costs, schedule of expenditures of federal awards, and schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
December 12, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**APPLETON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

The management of the Appleton Area School District offers readers of the District's basic financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. Readers should consider the information presented in the Management Discussion and Analysis in conjunction with the basic financial statements and the notes to the financial statements, which follow this narrative.

Financial Highlights

- Savings were accrued in the following areas during the 2021-22 school year; substitute staffing, co-curricular activities, food service and due to challenges in filling many teaching and support positions, savings were accrued in staffing.
- We continued to utilize the ESSER grant funds for program specific functions. Savings to the operating budget accrued again this year by operating most of summer school through these grant funds.
- The prior year change in health insurance again resulted in a saving of nearly half a million. The funds saved were directed to compensation increases for all staff members.
- Fund Balance in the general fund increased by \$8,838,354.
- The District paid off the remaining Fund 38 debt in 2021-2022. The District again paid down additional long-term referendum debt (Fund 39) during 2021-2022. Leaving the remaining balance of Fund 39 debt at \$6,360,000.

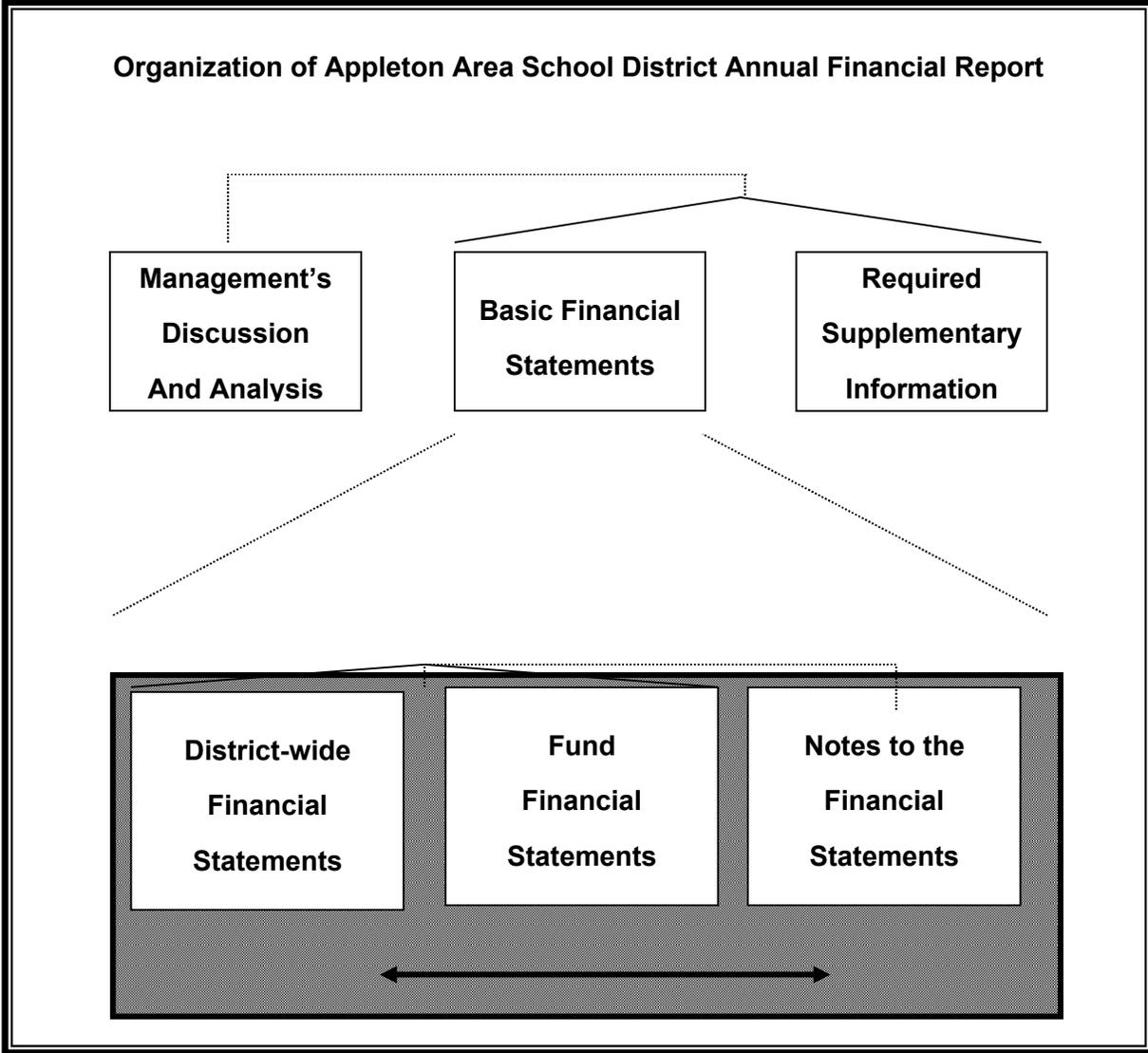
Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis, the Basic Financial Statements, and Required Supplementary Information. The basic financial statements include two types of statements that present different financial perspectives of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the district's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the district, reporting the district's operations in more detail than district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the district acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. The following chart shows how the parts of this annual report are arranged and relate to one another.

APPLETON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022



**APPLETON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

District-wide Statements

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when the related cash is received or paid.

- The district-wide statements report the district's net position and how it has changed. Governmental activities are financed mostly with property taxes and state formula aid. The net position, which is the difference between district assets and deferred outflows of resources compared to liabilities and deferred inflows, is one way to measure the districts' financial position.
- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or declining, respectively.
- To assess the districts overall financial position, you also need to consider additional nonfinancial factors such as changes in the property tax base and condition of school district facilities.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds, not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The district has two kinds of funds:

Governmental funds: Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

**APPLETON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Fiduciary funds: The district is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Major Features of the District-Wide and Fund Financial Statements			
	District-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset/ Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Out flow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	ALL ADDITIONS AND DEDUCTIONS DURING THE YEAR, REGARDLESS OF WHEN CASH IS RECEIVED OR PAID

**APPLETON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Financial Analysis of the District as a Whole

Net Position. The District's combined net position was more on June 30, 2022 than it was the year before.

**Figure A-1
Condensed Statement of Net Position**

	2022 Governmental Activities	2021 Governmental Activities
	<u> </u>	<u> </u>
Current and Other Assets	\$ 152,199,450	\$ 128,878,920
Capital Assets	89,830,571	87,278,283
Total Assets	<u>242,030,021</u>	<u>216,157,203</u>
 Deferred Outflows of Resources		
Loss on Advance Refunding	242,154	622,021
Pension Related Amounts	89,831,606	59,394,810
Other Postemployment Related Amounts	6,308,803	6,446,870
	<u>96,382,563</u>	<u>66,463,701</u>
 Long-Term Obligations	20,787,411	32,909,179
Other Liabilities	23,334,188	22,505,626
Total Liabilities	<u>44,121,599</u>	<u>55,414,805</u>
 Deferred Inflows of Resources		
Pension Related Amounts	112,998,254	83,564,156
Other Postemployment Related Amounts	6,835,094	2,759,854
Leases	433,211	-
	<u>120,266,559</u>	<u>86,324,010</u>
 Net Position		
Net Investment in Capital Assets	79,906,362	72,572,244
Restricted	69,249,064	55,760,373
Unrestricted	24,869,000	12,549,472
Total Net Position	<u>\$ 174,024,426</u>	<u>\$ 140,882,089</u>

The District's total net position increased to \$174,024,426 in 2021-2022. This is an increase of \$33,142,337.

**APPLETON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

- The users of the district's programs financed some of the cost. (7.5%).
- Certain programs were subsidized with grants and contributions from the federal and state governments (7.2%) of total budget was grant funded.
- The remaining portion of governmental activities was financed with \$72,683,797 in property taxes and \$106,983,119 of unrestricted state aid based on the statewide equalization aid formula.

Financial Analysis of the District's Funds

The strong financial status of the district as a whole is reflected in its general fund balance of \$59,583,240 which is included in the total fund balance of all governmental funds of \$80,727,823.

General Fund Budgetary Highlights

2021-2022 fiscal year included the following:

- First year of the biennial State budget
 - No change in revenue limit
 - State aid and tax levy remained level with prior year
- Increase in levy for private vouchers
- ESSER related expenses totaling \$6.8 million
- Compensation increases totaling \$1.0 million
- Health insurance decrease totaling \$458,000

**APPLETON AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2022**

Capital Asset and Debt Administration

Capital Assets. By the end of the 2021-2022 fiscal year, the district had invested in a broad range of capital assets including land, buildings, athletic facilities, computer and audio-visual equipment, and other instructional or support equipment. (More detailed information about capital assets can be found in Note 2.B to the financial statements.) Total depreciation expense for the year for governmental activities was \$8,467,445, of which \$2,236,733 relates to amortization of right-to-use assets accounted for in accordance with GASB Statement 87.

**Figure A-3
Capital Assets**

	2022 Governmental Activities	2021 Governmental Activities
Construction Work in Progress	\$ 2,236,132	\$ 539,826
Land	7,840,341	7,616,062
Buildings and Improvements	155,627,601	153,633,909
Machinery and Equipment	13,637,216	13,421,158
Right-to-Use Assets (Implemented GASB 87 Effective July 1, 2021)	6,884,898	-
Accumulated Depreciation	<u>(96,395,617)</u>	<u>(87,932,672)</u>
Total	<u><u>\$ 89,830,571</u></u>	<u><u>\$ 87,278,283</u></u>

Long-Term Obligations

At year-end, the District had \$6,360,000 in general obligation bonds and notes as well as \$3,406,017 in lease liabilities, and \$1,357,446 in other long-term liabilities and retirement obligations outstanding. (More detailed information about the District's long-term liabilities is presented in Note 2.D to the financial statements.)

**Figure A-4
Outstanding Long-Term Obligations**

	2022 Total District	2021 Total District
General Obligation Debt	\$ 6,360,000	\$ 15,196,000
Lease Liabilities (Implemented GASB 87 Effective July 1, 2021)	3,406,017	-
Other	1,357,445	1,667,295
Total	<u><u>\$ 11,123,462</u></u>	<u><u>\$ 16,863,295</u></u>

Contacting the District's Financial Management

The financial report is designed to provide the District's citizens, taxpayers, customers, and 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 about this report or need additional financial information, contact the Business Office of the Appleton Area School District at 131 E. Washington Street, Suite 1A, Appleton, WI or by calling (920) 832-6128.

BASIC FINANCIAL STATEMENTS

**APPLETON AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 80,818,868
Receivables:	
Taxes	14,599,716
Accounts	540,008
Leases	433,211
Due from Other Governments	7,431,480
Inventories and Prepaid Items	459,232
Net Pension Asset	47,916,935
Capital Assets:	
Nondepreciable	10,076,473
Depreciable, Net	79,754,098
Total Assets	242,030,021
DEFERRED OUTFLOWS OF RESOURCES	
Loss on Advance Refunding	242,154
Pension Related Amounts	89,831,606
Other Postemployment Related Amounts	6,308,803
Total Deferred Outflows of Resources	96,382,563
LIABILITIES	
Accounts Payable	3,280,835
Accrued and Other Current Liabilities	19,442,988
Accrued Interest Payable	212,802
Deposits Payable	149,936
Dental Claims Payable	247,627
Long-Term Obligations:	
Due in One Year	3,240,480
Due in More Than One Year	7,882,982
Due in One Year - Other Postemployment Benefits Liability	3,058,799
Due in More than One Year - Other Postemployment Benefits Liability	6,605,150
Total Liabilities	44,121,599
DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	112,998,254
Other Postemployment Related Amounts	6,835,094
Leases	433,211
Total Deferred Inflows of Resources	120,266,559
NET POSITION	
Net Investment in Capital Assets	79,906,362
Restricted:	
Donations	4,027,507
Food Service	6,486,220
Community Service	592,644
Debt Service	3,351,904
Capital Projects	6,873,854
Pension Benefits	47,916,935
Unrestricted	24,869,000
Total Net Position	\$ 174,024,426

See accompanying Notes to Basic Financial Statements.

**APPLETON AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 110,548,685	\$ 15,603,239	\$ 19,047,577	\$ (75,897,869)
Support Services	72,102,989	325,886	19,178,360	(52,598,743)
Community Services	2,457,234	200	-	(2,457,034)
Nonprogram	14,723,119	1,214	3,434,445	(11,287,460)
Interest and Fiscal Charges	761,869	-	-	(761,869)
Depreciation - Unallocated	8,467,445	-	-	(8,467,445)
Total Governmental Activities	<u>\$ 209,061,341</u>	<u>\$ 15,930,539</u>	<u>\$ 41,660,382</u>	(151,470,420)
GENERAL REVENUES				
Property Taxes				72,683,034
Other Taxes				763
State and Federal Aids Not Restricted to Specific Functions				106,983,119
Interest and Investment Earnings				89,377
Gain on Disposal of Capital Assets				7,870
Gifts and Donations				1,906,931
Miscellaneous				2,941,663
Total General Revenues				<u>184,612,757</u>
CHANGE IN NET POSITION				33,142,337
Net Position - Beginning of Year				<u>140,882,089</u>
NET POSITION - END OF YEAR				<u>\$ 174,024,426</u>

See accompanying Notes to Basic Financial Statements.

**APPLETON AREA SCHOOL DISTRICT
BALANCE SHEET — GOVERNMENTAL FUNDS
JUNE 30, 2022**

ASSETS	General	Other Governmental Funds	Total
Cash and Investments	\$ 72,022,691	\$ 8,796,177	\$ 80,818,868
Receivables:			
Taxes	14,599,716	-	14,599,716
Accounts	315,230	224,778	540,008
Leases	433,211	-	433,211
Due from Other Funds	784,889	13,426,595	14,211,484
Due from Other Governments	7,229,950	201,530	7,431,480
Inventories and Prepaid Items	459,232	-	459,232
	<u>\$ 95,844,919</u>	<u>\$ 22,649,080</u>	<u>\$ 118,493,999</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 2,091,484	\$ 1,189,351	\$ 3,280,835
Accrued and Other Current Liabilities	19,425,757	17,231	19,442,988
Accrued Interest Payable	95	-	95
Due to Other Funds	14,063,505	147,979	14,211,484
Deposits Payable	-	149,936	149,936
Dental Claims Payable	247,627	-	247,627
Total Liabilities	<u>35,828,468</u>	<u>1,504,497</u>	<u>37,332,965</u>
DEFERRED INFLOWS OF RESOURCES			
Leases	433,211	-	433,211
FUND BALANCES			
Nonspendable	459,232	34,345	493,577
Restricted	-	21,110,239	21,110,239
Assigned	35,302,655	-	35,302,655
Unassigned	23,821,353	(1)	23,821,352
Total Fund Balances	<u>59,583,240</u>	<u>21,144,583</u>	<u>80,727,823</u>
	<u>\$ 95,844,919</u>	<u>\$ 22,649,080</u>	<u>\$ 118,493,999</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 95,844,919</u>	<u>\$ 22,649,080</u>	<u>\$ 118,493,999</u>

See accompanying Notes to Basic Financial Statements.

**APPLETON AREA SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET — GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Fund Balances as Shown on Previous Page	\$ 80,727,823
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	89,830,571
Long-term assets are not considered available; therefore, are not reported in the funds.	
Net Pension Asset	47,916,935
Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.	
Loss on Advance Refunding	242,154
Deferred Outflows Related to Pensions	89,831,606
Deferred Inflows Related to Pensions	(112,998,254)
Deferred Outflows Related to Other Postemployment Benefits	6,308,803
Deferred Inflows Related to Other Postemployment Benefits	(6,835,094)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and Notes Payable	(6,360,000)
Lease Liability	(3,406,017)
Compensated Absences	(1,357,446)
Other Postemployment Benefits Liability	(9,663,949)
Accrued Interest on Long-Term Obligations	<u>(212,706)</u>
Net Position of Governmental Activities as Reported on the Statement of Net Position	<u>\$ 174,024,426</u>

See accompanying Notes to Basic Financial Statements.

**APPLETON AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES — GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	General	Other Governmental Funds	Total
REVENUES			
Property Taxes	\$ 59,280,332	\$ 13,403,465	\$ 72,683,797
Other Local Sources	1,454,374	1,714,260	3,168,634
Interdistrict Sources	14,626,240	-	14,626,240
Intermediate Sources	18,727	7,651	26,378
State Sources	119,441,798	36,847	119,478,645
Federal Sources	19,331,580	9,167,599	28,499,179
Other Sources	748,683	2,962,629	3,711,312
Total Revenues	<u>214,901,734</u>	<u>27,292,451</u>	<u>242,194,185</u>
EXPENDITURES			
Instruction:			
Regular Instruction	70,829,474	368,345	71,197,819
Vocational Instruction	3,756,748	47,048	3,803,796
Special Education Instruction	28,638,947	-	28,638,947
Other Instruction	13,093,137	1,420,942	14,514,079
Total Instruction	<u>116,318,306</u>	<u>1,836,335</u>	<u>118,154,641</u>
Support Services:			
Pupil Services	12,307,400	47,985	12,355,385
Instructional Staff Services	11,202,592	51,066	11,253,658
General Administration Services	965,668	1,378	967,046
School Administration Services	9,883,921	1,162,336	11,046,257
Business Services	1,150,954	1,966	1,152,920
Operations and Maintenance of Plant	17,292,999	4,436,942	21,729,941
Pupil Transportation Services	6,003,493	262,105	6,265,598
Food Services	-	7,033,593	7,033,593
Central Services	4,961,543	42,595	5,004,138
Insurance	1,214,831	-	1,214,831
Other Support Services	6,940,031	-	6,940,031
Total Support Services	<u>71,923,432</u>	<u>13,039,966</u>	<u>84,963,398</u>
Debt Service:			
Principal	3,478,881	8,836,000	12,314,881
Interest and Fiscal Charges	82,076	283,563	365,639
Total Debt Service	<u>3,560,957</u>	<u>9,119,563</u>	<u>12,680,520</u>
Community Service	-	1,449,511	1,449,511
Nonprogram:			
General Tuition Payments	9,441,834	-	9,441,834
Special Education Tuition Payments	675,269	-	675,269
Adjustments and Refunds	92,210	-	92,210
Voucher Payments	4,513,806	-	4,513,806
Total Nonprogram	<u>14,723,119</u>	<u>-</u>	<u>14,723,119</u>
Total Expenditures	<u>206,525,814</u>	<u>25,445,375</u>	<u>231,971,189</u>
EXCESS OF REVENUES OVER EXPENDITURES	8,375,920	1,847,076	10,222,996
OTHER FINANCING SOURCES (USES)			
Proceeds from Right-to-Use Leases	1,954,566	-	1,954,566
Proceeds from Sale of Capital Assets	7,868	-	7,868
Transfers In	-	1,500,000	1,500,000
Transfers Out	(1,500,000)	-	(1,500,000)
Total Other Financing Sources (Uses)	<u>462,434</u>	<u>1,500,000</u>	<u>1,962,434</u>
NET CHANGES IN FUND BALANCES	8,838,354	3,347,076	12,185,430
Fund Balances - Beginning of Year	<u>50,744,886</u>	<u>17,797,507</u>	<u>68,542,393</u>
FUND BALANCES - END OF YEAR	<u>\$ 59,583,240</u>	<u>\$ 21,144,583</u>	<u>\$ 80,727,823</u>

See accompanying Notes to Basic Financial Statements.

**APPLETON AREA SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances as Shown on Previous Page \$ 12,185,430

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

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

Capital Assets Reported as Capital Outlay Reported in Governmental Fund Statements	6,089,403
Depreciation/Amortization Expense Reported in the Statement of Activities	(8,467,445)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Leases Issued	(1,954,568)
Principal Repaid	8,836,000
Leases Paid	3,478,881

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 the governmental funds:

Accrued Interest on Long-Term Debt	(14,738)
Amortization of Loss on Advance Refunding	(379,867)
Compensated Absences	309,849
Net Pension Asset	9,888,066
Deferred Outflows of Resources Related to Pensions	30,436,796
Deferred Inflows of Resources Related to Pensions	(29,434,098)
Other Postemployment Benefits	6,381,935
Deferred Outflows of Resources Related to Other Postemployment Benefits	(138,067)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(4,075,240)

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	<u><u>\$ 33,142,337</u></u>
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See accompanying Notes to Basic Financial Statements.

**APPLETON AREA SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION — PRIVATE PURPOSE TRUST FUND
JUNE 30, 2022**

ASSETS

Cash and Investments	\$ 317,815
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LIABILITIES

Due to Primary Government	<u>1,100</u>
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NET POSITION

Restricted for Scholarships	<u><u>\$ 316,715</u></u>
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See accompanying Notes to Basic Financial Statements.

**APPLETON AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — PRIVATE PURPOSE TRUST FUND
YEAR ENDED JUNE 30, 2022**

ADDITIONS	
Investment Earnings	\$ 1,625
DEDUCTIONS	
Trust Fund Disbursements	<u>6,118</u>
CHANGE IN NET POSITION	(4,493)
Net Position - Beginning of Year	<u>321,208</u>
NET POSITION - END OF YEAR	<u><u>\$ 316,715</u></u>

See accompanying Notes to Basic Financial Statements.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Appleton Area School District, Appleton, Wisconsin (the District), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The District is organized as a unified school district. The District, governed by an elected seven-member board, operates grades K through 12 and is comprised of all or parts of seven taxing districts. In accordance with GAAP, the basic financial statements are required to include the District and any separate component units that have a significant operational or financial relationship with the District. The District has not identified any component units that are required to be included in the basic financial statements in accordance with standards.

B. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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. 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. Governmental funds include general, special revenue, debt service and capital projects funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

General Fund

This is the District's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. District-Wide and Fund Financial Statements (Continued)

Additionally, the District reports the following fiduciary fund type:

- The *private purpose trust fund* is used to account for resources legally held in trust for scholarship awards. Only earnings on the invested resources may be used to support the scholarships.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund — Financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to employee benefit programs (compensated absences) and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied. Tuition, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

2. Property Taxes

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

Property taxes are recognized as revenue in the fiscal year levied as they are considered due as of January 1, the date from which interest and penalties accrue for nonpayment of a scheduled installment, and full receipt of the entire levy is assured within 60 days of fiscal year-end, meeting the availability criteria necessary for property tax revenue recognition by accounting principles generally accepted in the United States of America.

3. Accounts Receivable

Accounts receivable are recorded at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that the amount of such allowance would not be material to the basic financial statements.

4. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

5. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

6. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items and are expensed in the periods benefitted.

Prepaid items of governmental funds in the fund financial statements are classified as nonspendable fund balance to indicate that they do not represent spendable available financial resources.

7. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Governmental Activities</u>
Land Improvements	20 to 50 Years
Buildings and Improvements	20 to 50 Years
Machinery and Equipment	5 to 20 Years

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

8. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with employee handbook policies and/or bargaining unit agreements. All vacation and sick leave is accrued when incurred in the district-wide statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

9. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position by the government that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net position by the government that is applicable to a future reporting period. The recognition of those outflows and inflows as expenses or expenditures and revenues are deferred until the future periods to which the outflows and inflows are applicable.

10. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Leases

The District is a lessee and lessor for various pieces of equipment and space usage.

Lessee

The District recognizes a lease liability and an intangible right-to-use lease asset in the district-wide financial statements based on the criteria dictated in GASB Statement No. 87, *Leases*.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Leases (Continued)

Lessee (Continued)

At the commencement of a lease, the District determines based on the criteria dictated in GASB Statement No. 87, *Leases*, if the lease is a financed purchased or a lease liability. Then the District initially measures the lease liability at the present value of payments expected to be made during the lease term.

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

An intangible right-to use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to use lease asset is amortized on a straight-line basis over the life of the lease. The intangible right-to use lease asset is reported with the District capital assets in its own category called Leased Assets (Right to Use).

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Leases (Continued)

Lessee (Continued)

The District accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

The District monitors changes in circumstances that would require a re-measurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease.

Lessor

The District determines if an arrangement is a lease at inception. Leases are included in lease receivables and deferred inflows of resources in the statement of net position and fund financial statements.

Lease receivables represent the District's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The District recognizes payments received for short-term leases with a lease term of 12 months or less, including options to extend, as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

11. Leases (Continued)

Lessors (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the District has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The District accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, the District treats the components as a single lease unit.

12. Pensions

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

13. Other Postemployment Benefits Other Than Pensions (OPEB)

Qualifying retired employees are provided with other postemployment benefits. The OPEB is a single-employer defined benefit plan administered by the District. For purposes of measuring the OPEB liability, related deferred outflows and inflows and OPEB expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

14. Deferred Compensation Plan

The District offers its employees a deferred compensation plan through the Wisconsin Deferred Compensation Program created in accordance with the Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Contributions to this plan are entirely from employee voluntary contributions. The District makes no employer contributions to this plan.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

15. Fund Equity

Governmental Fund Financial Statements

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance. Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.

Restricted Fund Balance. Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.

Committed Fund Balance. Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.

Assigned Fund Balance. Amounts that are constrained for specific purposes by action of District management. The Board of Education has authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.

Unassigned Fund Balance. Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. Where applicable, the policy requires restricted funds to be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.

District-Wide Statements

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

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

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance (Continued)

15. Fund Equity (Continued)

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

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

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

F. Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The District adopted the requirements of the guidance effective July 1, 2021, and has elected to apply the provisions of this standard to the beginning of the period of adoption. As a result of the implementation of this standard, the District recorded right-to-use assets and related lease payable of \$4,930,330 in the governmental activities as of July 1, 2021 and a lease receivable and deferred inflow of resources in the governmental activities and governmental funds of \$433,211 as of July 1, 2021.

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The debt service and capital project funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, the fiduciary fund uses separate and distinct accounts. All other funds share in common bank and investment accounts.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose trust fund may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

The carrying amount of the District's cash and investments totaled \$81,136,683 on June 30, 2022 as summarized below:

Deposits with Financial Institutions	\$ 50,847,478
Investments:	
Wisconsin Investment Series Cooperative	30,280,390
Total	<u>\$ 81,136,683</u>

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:	
Cash and Investments	\$ 80,818,868
Fiduciary Fund Statement of Net Position:	
Private Purpose Trust Fund	317,815
Total	<u>\$ 81,136,683</u>

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District currently has no investments that are subject to fair value measurement.

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

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The District does not have an additional custodial credit policy.

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of June 30, 2022, \$36,258,490 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits. No amounts were collateralized.

Credit Risk

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

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

<u>Investment Type</u>	<u>Amount</u>	<u>Exempt from Disclosure</u>	<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
Wisconsin Investment Series Cooperative	\$ 30,280,390	\$ -	\$ -	\$ -	\$ 30,280,390

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
Wisconsin Investment Series Cooperative	\$ 30,280,390	\$ 30,280,390	\$ -	\$ -	\$ -

Investment in Wisconsin Investment Series Cooperative

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$30,280,390 at year-end invested in the Cash Management Series. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is 90 days or less.

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

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Capital Assets

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

	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital Assets, Nondepreciable:					
Land	\$ 7,616,062	\$ -	\$ 224,279	\$ -	\$ 7,840,341
Construction in Progress	539,826	-	2,195,892	499,586	2,236,132
Total Capital Assets, Nondepreciable	<u>8,155,888</u>	<u>-</u>	<u>2,420,171</u>	<u>499,586</u>	<u>10,076,473</u>
Capital Assets, Depreciable:					
Land Improvements	8,887,981	-	131,258	-	9,019,239
Buildings and Improvements	144,745,928	-	1,862,434	-	146,608,362
Machinery and Equipment	13,421,158	-	220,558	4,500	13,637,216
Right-to-Use Assets	-	4,930,330	1,954,568	-	6,884,898
Subtotals	<u>167,055,067</u>	<u>4,930,330</u>	<u>4,168,818</u>	<u>4,500</u>	<u>176,149,715</u>
Less Accumulated Depreciation for:					
Land Improvements	3,674,554	-	438,324	-	4,112,878
Buildings and Improvements	77,885,177	-	3,844,188	-	81,729,365
Machinery and Equipment	6,372,941	-	1,948,200	4,500	8,316,641
Right-to-Use Assets	-	-	2,236,733	-	2,236,733
Subtotals	<u>87,932,672</u>	<u>-</u>	<u>8,467,445</u>	<u>4,500</u>	<u>96,395,617</u>
Total Capital Assets, Depreciable, Net	<u>79,122,395</u>	<u>4,930,330</u>	<u>(4,298,627)</u>	<u>-</u>	<u>79,754,098</u>
Governmental Activities Capital Assets, Net	<u>\$ 87,278,283</u>	<u>\$ 4,930,330</u>	<u>\$ (1,878,456)</u>	<u>\$ 499,586</u>	89,830,571
Less: Capital Related Debt					6,360,000
Less: Construction Related Accounts Payable					400,346
Less: Lease Liabilities					3,406,017
Add: Loss on Advance Refunding (Capital Related Portion)					<u>242,154</u>
Net Investment in Capital Assets					<u>\$ 79,906,362</u>

The District's capital assets are shared by many governmental functions. Accordingly, it was not considered practical to allocate depreciation expense.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables and Payables

Interfund receivables and payables between individual funds of the District, as reported in the fund financial statements, as of June 30, 2022 are detailed below:

	Interfund Receivables	Interfund Payables
To Account for Expenditures Paid and Receipts Received by Other Funds:		
Governmental Funds:		
General	\$ 784,889	\$ 14,063,505
Special Revenue Funds:		
Donations	1,156,941	-
Indian Education	-	12,617
Food Service	6,212,902	-
General Community Service	1,180,757	-
Debt Service Funds:		
Nonreferendum	-	-
Referendum	-	135,362
Capital Project Funds:		
Other Capital Projects	1,500,000	-
Capital Expansion	3,375,995	-
Totals	\$ 14,211,484	\$ 14,211,484

Interfund transfers for the year ended June 30, 2022 were as follows:

	Transfer In	Transfer Out
<u>Fund</u>		
General	\$ -	\$ 1,500,000
Long-Term Capital Improvement	1,500,000	-
Total	\$ 1,500,000	\$ 1,500,000

Interfund transfers were made for the following purpose:

Transfer from General Fund for Future Long-Term Capital Improvements	\$ 1,500,000
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**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2022:

	Beginning Balance	Adjusted	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:						
General Obligation Debt:						
Bonds	\$ 13,806,000	\$ -	\$ -	\$ 7,446,000	\$ 6,360,000	\$ 1,908,000
Notes	1,390,000	-	-	1,390,000	-	-
Lease Liabilities	-	4,930,330	1,954,568	3,478,881	3,406,017	1,135,780
Total General Obligation Debt	15,196,000	4,930,330	1,954,568	12,314,881	9,766,017	3,043,780
Compensated Absences	1,667,295	-	196,700	506,550	1,357,445	196,700
Governmental Activities Long-Term Obligations	<u>\$ 16,863,295</u>	<u>\$ 4,930,330</u>	<u>\$ 2,151,268</u>	<u>\$ 12,821,431</u>	<u>\$ 11,123,462</u>	<u>\$ 3,240,480</u>

Total interest paid during the year on long-term debt totaled \$365,639.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/22
General Obligation Bond	6/2/14	3/1/24	2.00% - 4.00%	\$ 29,075,000	\$ 1,125,000
General Obligation Bond	1/25/21	9/1/25	0.80% - 3.89%	4,585,000	3,408,000
General Obligation Bond	2/25/21	9/1/26	0.94% - 1.58%	7,636,000	1,827,000
Total Outstanding General Obligation Debt					<u>\$ 6,360,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$6,360,000 on June 30, 2022 are detailed below:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,908,000	\$ 80,252	\$ 1,988,252
2024	2,002,000	52,968	2,054,968
2025	2,000,000	21,971	2,021,971
2026	450,000	4,590	454,590
Total	<u>\$ 6,360,000</u>	<u>\$ 159,781</u>	<u>\$ 6,519,781</u>

For governmental activities, the other long-term liabilities are generally funded by the General Fund.

Prior Year Advance Refunding

In prior years, the District defeased and advance refunded portions of multiple general obligation bond issues. As a result, the refunded bonds are also considered to be defeased and the liability has been removed from the financial statements. At June 30, 2022, \$19,105,000 of outstanding general obligation bonds are considered defeased.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Long-Term Obligations (Continued)

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2022 was \$985,672,289 as follows:

Equalized Valuation of the District	\$ 9,920,322,888
Statutory Limitation Percentage	<u>(x) 10%</u>
General Obligation Debt Limitation, per Section 67.03 of the Wisconsin Statutes	992,032,289
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>6,360,000</u>
Legal Margin for New Debt	<u><u>\$ 985,672,289</u></u>

E. Leases Payable

The District leases various pieces of machinery and equipment and space usage for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2027.

Total principal and interest costs for such leases for governmental funds were \$3,560,957 for the year ended June 30, 2022. The future minimum lease payments for these agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,135,780	\$ 118,693	\$ 1,254,473
2024	1,321,144	96,454	1,417,598
2025	734,772	81,066	815,838
2026	173,577	6,571	180,148
2027	40,744	425	41,169
Total Minimum Payments Required	<u><u>\$ 3,406,017</u></u>	<u><u>\$ 303,209</u></u>	<u><u>\$ 3,709,226</u></u>

Right-to-use assets acquired through outstanding leases are as follows:

Buildings and Improvements	\$ 742,860
Machinery and Equipment	<u>6,142,038</u>
Subtotal	6,884,898
Less Accumulated Depreciation for:	
Buildings and Improvements	161,742
Machinery and Equipment	<u>2,074,991</u>
Total	<u><u>\$ 4,648,165</u></u>

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

WRS Pension Plan Description

The WRS is a cost-sharing, multiple-employer, defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible state of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

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

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

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.

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 December 31, 2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

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

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

The WRS also provides death and disability benefits for employees.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Postretirement Adjustments

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

<u>Year Ending June 30,</u>	<u>Core Fund Adjustment %</u>	<u>Variable Fund Adjustment %</u>
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13

Contributions

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

During the reporting period ending June 30, 2022, the WRS recognized \$7,621,538 in contributions from the District.

Contribution rates for the reporting period are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (Including Teachers, Executives, and Elected Officials)	6.50 %	6.50 %

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

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

At June 30, 2022, the District reported an asset of \$47,916,935 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.59448935%, which was a decrease of 0.01464127% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension revenue of \$4,188,729.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 77,407,386	\$ 5,581,908
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	107,194,168
Changes in Assumptions	8,939,660	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	152,388	222,178
Employer Contributions Subsequent to the Measurement Date	3,332,172	-
Total	<u>\$ 89,831,606</u>	<u>\$ 112,998,254</u>

\$3,332,172 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Expense</u>
2023	\$ (2,282,957)
2024	(13,037,837)
2025	(5,723,072)
2026	(5,454,954)
Total	<u>\$ (26,498,820)</u>

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2020, 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 Asset:	December 31, 2021
Experience Study:	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Postretirement Adjustments*	1.7%

* No postretirement 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 postretirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, postretirement 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 geometric real rates of return for each major asset class are summarized in the following table:

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Actuarial Assumptions (Continued)

	<u>Current Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Core Fund Asset Class:			
Global Equities	52.0 %	6.8 %	4.2 %
Fixed Income	25.0	4.3	1.8
Inflation Sensitive Assets	19.0	2.7	0.2
Real Estate	7.0	5.6	3.0
Private Equity/Debt	12.0	9.7	7.0
Cash	(15.0)	0.9	N/A
Total Core Fund	<u>100.0</u>	6.6	4.0 %
Variable Fund Asset Class:			
U.S. Equities	70.0	6.3	3.7
International Equities	30.0	7.2	4.6
Total Variable Fund	<u>100.0</u>	6.8	4.2

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

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

The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 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 members 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.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plan (Continued)

Actuarial Assumptions (Continued)

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.

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

	One Percent Decrease to Discount Rate (5.8%)	Current Discount Rate (6.8%)	One Percent Increase to Discount Rate (7.8%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 34,000,463	\$(47,916,935)	\$(106,882,220)

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-andstudies/financial-reports-and-statements>.

Payable to the Pension Plan

At June 30, 2022, the District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan for the year ended June 30, 2022.

G. Other Postemployment Benefits

Plan Description

The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District. Eligible retired employees have access to group medical coverage through the District's group plan. District paid medical benefits are paid for as indicated below. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. Separate financial statements are not issued by the plan. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Benefits Provided (Continued)

<u>Union/Group</u>	<u>Attained Age</u>	<u>Retirees on or before Applicable Date</u>	<u>Service</u>	<u>District Contribution</u>
Teachers/ Administrators	55 56 57 58	6/30/2014 6/30/2016 6/30/2018 After 6/30/2018	10	<p>For retirees prior to July 1, 2015, the District shall pay 88% of the group health insurance premium and any increases occurring during the first 96 months of premium payments for the plan (single or family) in which the teacher was enrolled at the time of retirement at a ratio of one year's premium for each five years of service (one year's premium for each three years of service for service prior to July 1, 2015) in the District, to a maximum premium payment of service prior to July 1, 2015) in the District, 120 months or to age 65, whichever is sooner. Retirees may continue in the plan by paying 100% of the premium.</p> <p>For retirees prior to June 30, 2007, the District shall pay health insurance premiums for up to 10 years or age 65, whichever is sooner, for any teacher who voluntarily retires pursuant to the Teacher Emeritus Program, in addition to the benefits above. Retirees may continue in the plan by paying 100% of the premium.</p> <p>For retirees after July 1, 2015, retirees may continue in the plan by paying 100% of the premium.</p>
Secretary/ Clerical	55 56 57 58	6/30/2014 6/30/2016 6/30/2018 After 6/30/2018	10	<p>For retirees prior to July 1, 2015, the District shall pay 91% of the premium for one year for every eight years of continuous service, up to three years after 24 years of continuous service. Retirees may continue in the plan by paying 100% of the premium.</p> <p>For retirees after July 1, 2015, retirees may continue in the plan by paying 100% of the premium.</p>

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Benefits Provided (Continued)

Union/Group	Attained Age	Retirees on or before Applicable Date	Service	District Contribution
Maintenance	55	6/30/2014	10	For retirees prior to July 1, 2015, the District shall pay 88% of the premium for one year for every eight years of continuous service, up to three years after 24 years of continuous service. Retirees may continue in the plan by paying 100% of the premium.
	56	6/30/2016		
	57	6/30/2018		
	58	After 6/30/2018		
				For retirees after July 1, 2015, retirees may continue in the plan by paying 100% of the premium.
Para-Professionals	55	6/30/2014	10	For retirees prior to July 1, 2015, the District shall pay 91% of the premium for one year for every 12 years of continuous service, up to two years after 24 years of continuous service. Retirees may continue in the plan by paying 100% of the premium.
	56	6/30/2016		
	57	6/30/2018		
	58	After 6/30/2018		
				For retirees after July 1, 2015, retirees may continue in the plan by paying 100% of the premium.
Administrative Support Unit	55	6/30/2014	10	For retirees prior to July 1, 2015, the District shall pay 88% of the premium for one year for every six years of continuous service up to six years after 36 years of continuous service. Retirees may continue in the plan by paying 100% of the premium.
	56	6/30/2016		
	57	6/30/2018		
	58	After 6/30/2018		
				For retirees after July 1, 2015, retirees may continue in the plan by paying 100% of the premium.

Employees Covered by Benefit Terms

At July 1, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	67
Active Employees	<u>1,836</u>
Total	<u><u>1,903</u></u>

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Total OPEB Liability (Continued)

Actuarial Cost Method:	Entry Age Normal
Salary Increases:	0.2% to 5.6% (based on longevity)
Discount Rate:	2.16%
Healthcare Cost Trend Rates:	2021 - 9.40%
	2022 - 5.50%
	2023 - 5.30%
	2024 - 5.00%
	Ultimate - 3.70%

Mortality rates are the same as those used in the December 2019 Wisconsin Retirement System's annual report.

The actuarial assumptions used in the July 1, 2021 valuation were based on the "Wisconsin Retirement System 2015 - 2017 Experience Study".

Discount Rate. The discount rate used to measure the total OPEB liability was 2.16% as opposed to a discount rate of 2.21% in prior year. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates.

Changes in the Total OPEB Liability

	Increase (Decrease)
	<u>Total OPEB Liability</u>
Balance at July 1, 2020	\$ 16,045,884
Changes for the Year:	
Service Cost	921,170
Interest	342,480
Effect of Liability Gains or Losses	(4,844,189)
Effect of Assumptions Changes or Inputs	155,225
Benefit Payments	(2,956,621)
Net Changes	<u>(6,381,935)</u>
Balance at June 30, 2021	<u>\$ 9,663,949</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (1.16%) or one-percentage-point higher (3.16%) than the current rate:

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Changes in the Total OPEB Liability (Continued)

	One Percent Decrease to Discount Rate (1.16%)	Current Discount Rate (2.16%)	One Percent Increase to Discount Rate (3.16%)
Total OPEB Liability	<u>\$ 10,320,221</u>	<u>\$ 9,663,949</u>	<u>\$ 9,040,148</u>

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

	One Percent Decrease	Healthcare Cost Trend Rates	One Percent Increase
Total OPEB Liability	<u>\$ 8,694,628</u>	<u>\$ 9,663,949</u>	<u>\$ 10,811,056</u>

Funding Policy

The entire cost of these benefits is paid by the District. Benefits are currently funded on a pay-as-you-go basis and no assets exist to prefund retiree benefits.

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$890,171.

At June 30, 2022, the District reported deferred outflows 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	\$ 758,105	\$ 6,092,418
Changes in Assumptions	2,491,899	742,676
District Contributions Subsequent to the Measurement Date	<u>3,058,799</u>	<u>-</u>
Total	<u>\$ 6,308,803</u>	<u>\$ 6,835,094</u>

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

OPEB Expense and Deferred Inflows of Resources Related to OPEB (Continued)

\$3,058,799 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022, and reported in the year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

<u>Year Ending June 30,</u>	<u>Expense</u>
2023	\$ (373,479)
2024	(373,479)
2025	(373,479)
2026	(373,479)
2027	(373,479)
2028	(327,193)
Thereafter	(1,390,502)
Total	<u>\$ (3,585,090)</u>

Payable to the OPEB Plan

At June 30, 2022, the District reported no outstanding contribution to the Plan required for the year ended June 30, 2022.

H. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2022, nonspendable fund balance was as follows:

	<u>General</u>	<u>Donations</u>
Nonspendable:		
Inventories and Prepaid Items	\$ 459,232	\$ -
Legally Required to Remain Intact	-	34,345
Total Nonspendable Fund Balance	<u>\$ 459,232</u>	<u>\$ 34,345</u>

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2022, restricted fund balance was as follows:

Special Revenue Funds:	
Restricted for:	
Scholarships	\$ 3,993,161
Food Service	6,486,220
Community Service	<u>592,644</u>
Total Special Revenue Fund Restricted	
Fund Balance	11,072,025
Debt Service Funds:	
Restricted for:	
Referendum Long-Term Debt Retirement	3,564,706
Capital Project Funds:	
Restricted for:	
Long-Term Capital Improvement	3,763,036
Capital Expansion	<u>2,710,472</u>
Total Capital Projects Fund Restricted	
Fund Balance	<u>6,473,508</u>
Total Restricted Fund Balance	<u><u>\$ 21,110,239</u></u>

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At June 30, 2022, fund balance was assigned as follows:

General Fund:	
Assigned for:	
Retiree Health Insurance	\$ 796,687
Building Carryover	1,224,592
Health Reimbursement Accounts Carryover	1,008,248
Cash Flows Assigned for Subsequent Year	26,503,665
Post Retirement Defined Contribution	1,881,158
Self-Funded Dental	566,531
Technology Services RLE Carryover	767,057
COVID Related Expenses	<u>2,554,717</u>
Total	<u><u>\$ 35,302,655</u></u>

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Restricted Fiduciary Fund Net Position

In the fund financial statements, portions of fiduciary fund net position are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2022, restricted fiduciary fund net position was as follows:

Fiduciary Funds:	
Restricted for Scholarships	<u>\$ 316,715</u>

NOTE 3 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. The amount of actual settlements has not exceeded the insurance coverage amounts in any of the three most recent years.

In addition to the above, the District accounts for the following risk management program in the General Fund:

Self-Funded Insurance Program

The District has a self-insured dental benefit plan for its employees. The Plan administrator, Delta Dental, is responsible for the approval, processing, and payment of claims, after which they bill the District's trustee for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending June 30, 2022. The District has no stop-loss coverage for the dental plan.

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.

At June 30, 2022, the District has reported a liability of \$247,627 which includes \$164,299 representing reported and unreported claims which were incurred on or before June 30, 2022, but were not paid by the District as of that date. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2021 and June 30, 2022 are as follows:

	Liability July 1	Current Year Claims and Changes in Estimates	Claims Payments	Liability June 30
2022	\$ 132,773	\$ 2,561,575	\$ 2,446,721	\$ 247,627
2021	501,185	2,234,405	2,602,817	132,773

**APPLETON AREA SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 OTHER INFORMATION (CONTINUED)

B. Contingencies

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

C. Limitation on School District Revenues

Wisconsin Statutes limit the amount of revenues a school district may derive from general school aids and property taxes unless a higher amount is approved by a referendum.

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

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

REQUIRED SUPPLEMENTARY INFORMATION

APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE —
BUDGET AND ACTUAL — GENERAL FUND — BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 59,279,569	\$ 59,279,569	\$ 59,280,332	\$ 763
Other Local Sources	935,031	1,576,845	1,449,737	(127,108)
Interdistrict Sources	13,665,000	13,665,000	14,310,968	645,968
Intermediate Sources	-	6,000	6,000	-
State Sources	109,958,348	110,204,337	109,916,330	(288,007)
Federal Sources	11,538,000	10,165,015	12,964,073	2,799,058
Other Sources	110,052	159,793	748,683	588,890
Total Revenues	<u>195,486,000</u>	<u>195,056,559</u>	<u>198,676,123</u>	<u>3,619,564</u>
EXPENDITURES				
Instruction:				
Regular Instruction	78,947,565	75,751,910	70,828,760	4,923,150
Vocational Instruction	3,511,945	3,727,363	3,756,748	(29,385)
Special Education Instruction	-	1,327	-	1,327
Other Instruction	13,420,769	13,928,342	13,017,692	910,650
Total Instruction	<u>95,880,279</u>	<u>93,408,942</u>	<u>87,603,200</u>	<u>5,805,742</u>
Support Services:				
Pupil Services	8,256,019	8,636,714	8,068,621	568,093
Instructional Staff Services	11,522,453	9,641,320	10,248,423	(607,103)
General Administration Services	1,124,050	2,001,196	965,668	1,035,528
School Administration Services	9,797,414	10,107,733	9,883,471	224,262
Business Services	1,124,860	1,126,002	1,099,524	26,478
Operations and Maintenance of Plant	16,230,006	17,367,945	17,254,499	113,446
Pupil Transportation Services	2,786,343	3,034,022	3,930,847	(896,825)
Central Services	2,749,576	3,045,493	4,958,855	(1,913,362)
Insurance	1,804,835	1,804,835	1,214,831	590,004
Other Support Services	7,925,485	7,440,338	6,940,031	500,307
Total Support Services	<u>63,321,041</u>	<u>64,205,598</u>	<u>64,564,770</u>	<u>(359,172)</u>
Debt Service:				
Principal	-	3,119,881	3,478,881	(359,000)
Interest and Fiscal Charges	-	-	82,076	(82,076)
Total Debt Service	<u>-</u>	<u>3,119,881</u>	<u>3,560,957</u>	<u>(441,076)</u>
Community Service				
Community Service	-	-	-	-
Nonprogram:				
General Tuition Payments	8,425,000	8,529,833	9,441,834	(912,001)
Adjustments and Refunds	225,150	225,150	92,210	132,940
Voucher Payments	5,200,000	5,200,000	4,513,806	686,194
Total Nonprogram	<u>13,850,150</u>	<u>13,954,983</u>	<u>14,047,850</u>	<u>(92,867)</u>
Total Expenditures	<u>173,051,470</u>	<u>174,689,404</u>	<u>169,776,777</u>	<u>4,912,627</u>
EXCESS OF REVENUES OVER EXPENDITURES	22,434,530	20,367,155	28,899,346	8,532,191
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	5,000	5,000	7,870	2,870
Transfers Out	(23,250,000)	(23,250,000)	(22,023,428)	1,226,572
Total Other Financing Sources (Uses)	<u>(23,245,000)</u>	<u>(23,245,000)</u>	<u>(20,060,992)</u>	<u>3,184,008</u>
NET CHANGE IN FUND BALANCE	(810,470)	(2,877,845)	8,838,354	11,716,199
Fund Balance - Beginning of Year	<u>50,744,886</u>	<u>50,744,886</u>	<u>50,744,886</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 49,934,416</u>	<u>\$ 47,867,041</u>	<u>\$ 59,583,240</u>	<u>\$ 11,716,199</u>

See accompanying Notes to Required Supplementary Information.

APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET
AND ACTUAL — SPECIAL EDUCATION REVENUE FUND — BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Other Local Sources	\$ 15,000	\$ 19,637	\$ 4,637	\$ (15,000)
Interdistrict Sources	250,000	250,000	315,272	65,272
Intermediate Sources	8,500	8,500	12,727	4,227
State Sources	7,991,953	7,991,953	9,525,468	1,533,515
Federal Sources	5,200,000	4,283,602	6,367,507	2,083,905
Total Revenues	<u>13,465,453</u>	<u>12,553,692</u>	<u>16,225,611</u>	<u>3,671,919</u>
EXPENDITURES				
Instruction:				
Regular Instruction	3,101,729	-	716	(716)
Vocational Instruction	-	641	-	641
Special Education Instruction	25,441,224	28,460,974	28,638,947	(177,973)
Other Instruction	80,000	80,000	75,445	4,555
Total Instruction	<u>28,622,953</u>	<u>28,541,615</u>	<u>28,715,108</u>	<u>(173,493)</u>
Support Services:				
Pupil Services	4,012,000	4,153,599	4,238,779	(85,180)
Instructional Staff Services	657,715	1,064,453	954,169	110,284
General Administration Services	-	321,408	-	321,408
School Administration Services	-	-	450	(450)
Business Services	55,000	641	51,430	(50,789)
Operations and Maintenance of Plant	10,100	45,650	38,500	7,150
Pupil Transportation Services	2,024,900	2,110,435	2,072,646	37,789
Central Services	5,500	2,258	2,688	(430)
Total Support Services	<u>6,765,215</u>	<u>7,698,443</u>	<u>7,358,662</u>	<u>339,781</u>
Nonprogram:				
Special Education Tuition Payments	250,000	573,298	675,269	(101,971)
Total Expenditures	<u>35,638,168</u>	<u>36,813,356</u>	<u>36,749,039</u>	<u>64,317</u>
DEFICIENCY OF REVENUES OVER (UNDER) EXPENDITURES	(22,172,715)	(24,259,664)	(20,523,428)	3,736,236
OTHER FINANCING SOURCES				
Transfers In	22,550,000	22,550,000	20,523,428	(2,026,572)
NET CHANGE IN FUND BALANCE	377,285	(1,709,664)	-	1,709,664
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ 377,285</u>	<u>\$ (1,709,664)</u>	<u>\$ -</u>	<u>\$ 1,709,664</u>

See accompanying Notes to Required Supplementary Information.

**APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ***

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service Cost	\$ 921,170	\$ 732,702	\$ 1,339,310	\$ 1,295,633	\$ 1,402,339
Interest	342,480	525,063	867,258	854,123	748,236
Changes of Benefit Terms	-	-	(5,562,388)	-	-
Differences Between Expected and Actual Experience	(4,844,189)	933,795	(2,326,379)	-	-
Changes of Assumptions	155,225	1,127,766	1,998,670	(377,238)	(972,006)
Benefit Payments	(2,956,621)	(3,058,799)	(3,173,057)	(3,356,722)	(3,582,737)
Net Change in Total OPEB Liability	(6,381,935)	260,527	(6,856,586)	(1,584,204)	(2,404,168)
Total OPEB Liability - Beginning of Year	16,045,884	15,785,357	22,641,943	24,226,147	24,226,147
Total OPEB Liability - End of Year	<u>\$ 9,663,949</u>	<u>\$ 16,045,884</u>	<u>\$ 15,785,357</u>	<u>\$ 22,641,943</u>	<u>\$ 21,821,979</u>
Covered Employee Payroll	\$ 109,064,251	\$ 99,460,287	\$ 98,938,195	\$ 101,457,415	\$ 95,813,152
District's Total OPEB Liability as a Percentage of Covered Employee Payroll	9%	16%	16%	22%	23%

* The amounts presented for each fiscal year were determined as of the current fiscal year-end. Amounts for prior years were not available.

**APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) —
WISCONSIN RETIREMENT SYSTEM
LAST 10 MEASUREMENT YEARS**

<u>Plan Fiscal Year Ending</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll (Plan year)</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
12/31/14	0.63069221 %	\$ (15,491,526)	\$ 87,953,382	17.61 %	102.74 %
12/31/15	0.62692309	10,187,379	88,611,191	11.50	98.20
12/31/16	0.62549638	5,155,584	90,249,176	5.71	99.12
12/31/17	0.62525994	(18,564,709)	93,206,041	19.92	102.93
12/31/18	0.62830619	22,353,164	97,264,608	22.98	96.45
12/31/19	0.62502742	(20,153,737)	98,543,402	20.45	102.96
12/31/20	0.60913062	(38,028,869)	97,198,588	39.12	105.26
12/31/21	0.59448935	(47,916,935)	101,451,385	47.23	106.02

**SCHEDULE OF CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

<u>District Fiscal Year Ending</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll (Fiscal year)</u>	<u>Contributions as a Percentage of Covered Payroll</u>
6/30/15	\$ 6,073,215	\$ 6,073,215	\$ -	\$ 88,362,345	6.87 %
6/30/16	5,933,997	5,933,997	-	88,923,093	6.67
6/30/17	6,242,053	6,242,053	-	92,790,864	6.73
6/30/18	6,453,759	6,453,759	-	95,813,152	6.74
6/30/19	6,697,786	6,697,786	-	101,457,415	6.60
6/30/20	6,588,227	6,588,227	-	98,938,195	6.66
6/30/21	6,607,175	6,607,175	-	99,460,287	6.64
6/30/22	7,621,538	7,621,538	-	109,064,251	6.99

See accompanying Notes to Required Supplementary Information.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

Changes of assumptions:

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

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the postretirement 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 postretirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality table to the Wisconsin 2018 Mortality Table.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The District is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

NOTE 2 OTHER POSTEMPLOYMENT BENEFIT PLANS

There were no changes in benefit terms. The discount rate assumption used to develop the total OPEB liability changed from the prior year. Please refer to the actuarial assumptions section in the notes to the financial statements for additional information. The amounts reported for each fiscal year were determined as of June 30 of the prior fiscal year-end. No assets have been accumulated in an irrevocable trust.

The District is required to present the last 10 fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. Budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements.

- Based upon requests from District staff, District administration recommends budget proposals to the Board of Education.
- The Board of Education prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the Board of Education may make alterations to the proposed budget.
- Once the Board of Education (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a $\frac{2}{3}$ vote of the entire Board of Education.
- Appropriations lapse at year-end unless authorized as a carryover by the Board of Education. The portion of fund balance representing carryover appropriations is reported as a committed or assigned fund balance in the fund financial statements.
- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2022.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Excess of Expenditure Over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended June 30, 2022.

<u>Funds</u>	<u>Excess Expenditures</u>
General Fund:	
Instruction:	
Vocational Instruction	\$ 29,385
Support Services:	
Instructional Staff Services	607,103
Pupil Transportation Services	896,825
Central Services	1,913,362
Debt Service:	
Principal	359,000
Nonprogram:	
General Tuition Payments	912,001
Special Education Fund:	
Instruction:	
Regular Instruction	716
Special Education Instruction	177,973
Support Services:	
Pupil Services	85,180
School Administration Services	450
Business Services	50,789
Central Services	430
Nonprogram:	
Special Education Tuition Payments	101,971

Excess expenditures were funded with positive variances in other general and special education fund appropriation accounts.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented in accordance with generally accepted accounting principles, except the District adopts a budget for the special education special revenue fund in accordance with requirements from the Wisconsin Department of Public Instruction. In accordance with generally accepted accounting principles, this fund is included as part of the general fund in these financial statements. An explanation of the differences between Revenues, Expenditures, and Other Financing Sources (Uses) for budgetary funds on budgetary fund basis and a GAAP General Fund basis is summarized below:

	<u>General</u>	<u>Special Education Fund</u>
Revenues:		
Actual Amounts (Budgetary Basis)	\$ 198,676,123	\$ 16,225,611
Reclassification of Special Education	<u>16,225,611</u>	<u>(16,225,611)</u>
Total Revenues	214,901,734	-
Expenditures:		
Actual Amounts (Budgetary Basis)	169,776,777	36,749,039
Reclassification of Special Education	<u>36,749,039</u>	<u>(36,749,039)</u>
Total Expenditures	206,525,816	-
Excess of Revenues Over (Under) Expenditures:		
Actual Amounts (Budgetary Basis)	28,899,346	(20,523,428)
Reclassification of Special Education	<u>(20,523,428)</u>	<u>20,523,428</u>
Excess of Revenues Over (Under) Expenditures	8,375,918	-
Other Financing Sources (Uses):		
Actual Amounts (Budgetary Basis)	(20,060,992)	20,523,428
Reclassification of Special Education	<u>20,523,428</u>	<u>(20,523,428)</u>
Total Other Financing Sources (Uses)	462,436	-
Net Change in Fund Balance:		
Actual Amounts (Budgetary Basis)	8,838,354	-
Fund Balance - Beginning of Year:		
Actual Amounts (Budgetary Basis)	<u>50,744,886</u>	<u>-</u>
Fund Balance - End of Year:		
Actual Amounts (Budgetary Basis)	<u>\$ 59,583,240</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

**APPLETON AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue			
	Donations	Indian Education	Food Service	General Community Service
ASSETS				
Cash and Investments	\$ 2,695,060	\$ -	\$ 403,190	\$ -
Receivables:				
Accounts	224,778	-	-	-
Due from Other Funds	1,156,941	-	6,212,902	1,180,757
Due from Other Governments	-	13,692	187,838	-
	<u>-</u>	<u>13,692</u>	<u>187,838</u>	<u>-</u>
Total Assets	<u>\$ 4,076,779</u>	<u>\$ 13,692</u>	<u>\$ 6,803,930</u>	<u>\$ 1,180,757</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 43,451	\$ -	\$ 167,774	\$ 577,780
Accrued and Other Current Liabilities	5,822	1,076	-	10,333
Due to Other Funds	-	12,617	-	-
Deposits Payable	-	-	149,936	-
Total Liabilities	<u>49,273</u>	<u>13,693</u>	<u>317,710</u>	<u>588,113</u>
FUND BALANCES				
Nonspendable	34,345	-	-	-
Restricted	3,993,161	-	6,486,220	592,644
Unassigned	-	(1)	-	-
Total Fund Balances	<u>4,027,506</u>	<u>(1)</u>	<u>6,486,220</u>	<u>592,644</u>
Total Liabilities and Fund Balances	<u>\$ 4,076,779</u>	<u>\$ 13,692</u>	<u>\$ 6,803,930</u>	<u>\$ 1,180,757</u>

**APPLETON AREA SCHOOL DISTRICT
COMBINING BALANCE SHEET — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

Debt Service		Capital Projects		Total Nonmajor Governmental Funds
Nonreferendum Debt Service	Referendum Debt Service	Long-Term Capital Improvement	Capital Expansion	
\$ -	\$ 3,700,068	\$ 2,263,036	\$ (265,177)	\$ 8,796,177
-	-	-	-	224,778
-	-	1,500,000	3,375,995	13,426,595
-	-	-	-	201,530
<u>\$ -</u>	<u>\$ 3,700,068</u>	<u>\$ 3,763,036</u>	<u>\$ 3,110,818</u>	<u>\$ 22,649,080</u>
\$ -	\$ -	\$ -	\$ 400,346	\$ 1,189,351
-	-	-	-	17,231
-	135,362	-	-	147,979
-	-	-	-	149,936
-	135,362	-	400,346	1,504,497
-	-	-	-	34,345
-	3,564,706	3,763,036	2,710,472	21,110,239
-	-	-	-	(1)
<u>-</u>	<u>3,564,706</u>	<u>3,763,036</u>	<u>2,710,472</u>	<u>21,144,583</u>
<u>\$ -</u>	<u>\$ 3,700,068</u>	<u>\$ 3,763,036</u>	<u>\$ 3,110,818</u>	<u>\$ 22,649,080</u>

**APPLETON AREA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Special Revenue			
	Donations	Indian Education	Food Service	General Community Service
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ 2,475,320
Other Local Sources	1,020,441	-	325,911	4,423
Intermediate Sources	7,651	-	-	-
State Sources	36,847	-	-	-
Federal Sources	-	27,642	9,139,957	-
Other Sources	2,257,350	-	705,279	-
Total Revenues	<u>3,322,289</u>	<u>27,642</u>	<u>10,171,147</u>	<u>2,479,743</u>
EXPENDITURES				
Instruction:				
Regular Instruction	347,384	20,961	-	-
Vocational Instruction	47,048	-	-	-
Other Instruction	1,420,942	-	-	-
Total Instruction	<u>1,815,374</u>	<u>20,961</u>	<u>-</u>	<u>-</u>
Support Services:				
Pupil Services	47,985	-	-	-
Instructional Staff Services	45,686	5,380	-	-
General Administration Services	76	1,302	-	-
School Administration Services	368,092	-	-	794,244
Business Services	-	-	-	1,935
Operations and Maintenance of Plant	961,252	-	122,539	211,161
Pupil Transportation Services	262,105	-	-	-
Food Services	-	-	7,033,593	-
Central Services	1,216	-	-	41,379
Total Support Services	<u>1,686,412</u>	<u>6,682</u>	<u>7,156,132</u>	<u>1,048,719</u>
Debt Service:				
Principal	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community Service	-	-	-	1,449,511
Total Expenditures	<u>3,501,786</u>	<u>27,643</u>	<u>7,156,132</u>	<u>2,498,230</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(179,497)	(1)	3,015,015	(18,487)
OTHER FINANCING SOURCES				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(179,497)	(1)	3,015,015	(18,487)
Fund Balances - Beginning of Year	<u>4,207,003</u>	<u>-</u>	<u>3,471,205</u>	<u>611,131</u>
FUND BALANCES - END OF YEAR	<u>\$ 4,027,506</u>	<u>\$ (1)</u>	<u>\$ 6,486,220</u>	<u>\$ 592,644</u>

**APPLETON AREA SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES — NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Debt Service		Capital Projects		Total Nonmajor Governmental Funds
Non- Referendum Debt Service	Referendum Debt Service	Long-Term Capital Improvement	Capital Expansion	
\$ 849,542	\$ 7,618,603	\$ -	\$ 2,460,000	\$ 13,403,465
195,072	164,358	4,005	50	1,714,260
-	-	-	-	7,651
-	-	-	-	36,847
-	-	-	-	9,167,599
-	-	-	-	2,962,629
<u>1,044,614</u>	<u>7,782,961</u>	<u>4,005</u>	<u>2,460,050</u>	<u>27,292,451</u>
-	-	-	-	368,345
-	-	-	-	47,048
-	-	-	-	1,420,942
-	-	-	-	1,836,335
-	-	-	-	47,985
-	-	-	-	51,066
-	-	-	-	1,378
-	-	-	-	1,162,336
-	-	-	31	1,966
-	-	-	3,141,990	4,436,942
-	-	-	-	262,105
-	-	-	-	7,033,593
-	-	-	-	42,595
-	-	-	3,142,021	13,039,966
1,390,000	7,446,000	-	-	8,836,000
31,274	252,289	-	-	283,563
<u>1,421,274</u>	<u>7,698,289</u>	<u>-</u>	<u>-</u>	<u>9,119,563</u>
-	-	-	-	1,449,511
<u>1,421,274</u>	<u>7,698,289</u>	<u>-</u>	<u>3,142,021</u>	<u>25,445,375</u>
(376,660)	84,672	4,005	(681,971)	1,847,076
-	-	1,500,000	-	1,500,000
(376,660)	84,672	1,504,005	(681,971)	3,347,076
<u>376,660</u>	<u>3,480,034</u>	<u>2,259,031</u>	<u>3,392,443</u>	<u>17,797,507</u>
<u>\$ -</u>	<u>\$ 3,564,706</u>	<u>\$ 3,763,036</u>	<u>\$ 2,710,472</u>	<u>\$ 21,144,583</u>

**APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER COSTS
YEAR ENDED JUNE 30, 2022**

		Appleton Bilingual	Appleton Eschool	Appleton Public Montessori	Appleton Technical Academy	Classical School
	<u>Object</u>					
OPERATING ACTIVITY						
Employee Salaries	100	\$ 1,613	\$ 1,613	\$ 1,613	\$ 1,613	\$ 1,613
Employee Benefits	200	242	242	242	242	242
Total		<u>\$ 1,855</u>	<u>\$ 1,855</u>	<u>\$ 1,855</u>	<u>\$ 1,855</u>	<u>\$ 1,855</u>

**APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

<u>Fox Cities Leadership Academy</u>	<u>Fox River Academy</u>	<u>Kaleidoscope Academy</u>	<u>Renaissance School For the Arts</u>	<u>Stephen Foster Elementary</u>	<u>Tesla Engineering Charter School</u>	<u>Valley New School</u>	<u>Wisconsin Connections Academy</u>
\$ 1,613	\$ 1,613	\$ 1,613	\$ 1,613	\$ 1,613	\$ 1,613	\$ 1,613	\$ 1,613
<u>242</u>	<u>242</u>	<u>242</u>	<u>242</u>	<u>242</u>	<u>242</u>	<u>242</u>	<u>242</u>
<u>\$ 1,855</u>	<u>\$ 1,855</u>	<u>\$ 1,855</u>	<u>\$ 1,855</u>	<u>\$ 1,855</u>	<u>\$ 1,855</u>	<u>\$ 1,855</u>	<u>\$ 1,855</u>

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**



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

Board of Education
Appleton Area School District
Appleton, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Appleton Area School District, Appleton, Wisconsin, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2022.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Appleton Area School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Appleton Area School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of the 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Green Bay, Wisconsin
December 12, 2022

FEDERAL AND STATE AWARDS



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

Board of Education
Appleton Area School District
Appleton, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Appleton Area School District, Appleton, Wisconsin's (the District's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2022. The District's major federal and state programs are identified in the summary of auditors' 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*. Our responsibilities under those standards, the Uniform Guidance, and the *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Education
Appleton Area School District

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

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Green Bay, Wisconsin
December 12, 2022

**APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

<u>Grantor Agency/Federal Program Cluster or Title</u>	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/2021	Cash Received	Accrued (Deferred) Revenue 6/30/2022	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>Child Nutrition Cluster</i>								
COVID-19 School Breakfast Program	10.553	WI DPI	2022-440147-DPI-SB-546	\$ -	\$ 2,055,237	\$ 33,584	\$ 2,088,821	\$ -
COVID-19 National School Lunch Program	10.555	WI DPI	2022-440147-DPI-NSL-547	-	6,052,547	54,541	6,107,088	-
COVID-19 National School Lunch Snack Program	10.555	WI DPI	2021-440147-NSL-Snacks-566	(5,771)	64,262	519	59,010	-
Donated Commodities	10.555	WI DPI	2022-440147-NSL-547	-	590,800	-	590,800	-
Total National School Lunch Program				(5,771)	6,707,609	55,060	6,756,898	-
COVID-19 Summer Food Service Program for Children	10.559	WI DPI	2022-440147-DPI-SFSP-566	(727,063)	780,100	70,489	123,526	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2022-440147-DPI-FFVPJULPUB-594	(28,727)	156,139	28,706	156,118	-
Fresh Fruit and Vegetable Program	10.582	WI DPI	2022-440147-DPI-FFVPJULPUB-594	-	14,596	-	14,596	-
Total Child Nutrition Cluster and U.S. Department of Agriculture				(761,561)	9,713,681	187,839	9,139,959	-
U.S. DEPARTMENT OF TREASURY								
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Outagamie County	Unknown	-	25,000	-	25,000	-
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-440147-TIA-141	(779,283)	1,947,411	808,200	1,976,328	-
Title I Grants to Local Educational Agencies-Private	84.010	WI DPI	2022-440147-Title I-141	(25,983)	80,495	29,010	83,522	-
Title I Grants to Local Educational Agencies-Delinquent	84.010	WI DPI	2022-440147-TI-D Delin-140	(3,703)	5,227	596	2,120	-
Total Title I Grants to Local Educational Agencies				(808,969)	2,033,133	837,806	2,061,970	-
<i>Special Education Cluster (IDEA)</i>								
Special Education Grants to States	84.027	WI DPI	2022-440147-DPI-IDEA-FT-341	(1,141,510)	2,585,266	2,012,007	3,455,763	-
COVID-19 Special Education Grants to States	84.027	WI DPI	2022-440147-DPI-IDEA-FT-341	-	829,292	-	829,292	-
Special Education Preschool Grants	84.173	WI DPI	2022-440147-DPI-IDEA-P-347	(34,047)	163,237	31,486	160,676	-
COVID-19 Special Education Preschool Grants	84.173	WI DPI	2022-440147-DPI-IDEA-P-347	-	13,166	80,858	94,024	-
Total Special Education Cluster (IDEA)				(1,175,557)	3,590,961	2,124,351	4,539,755	-

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

<u>Grantor Agency/Federal Program Cluster or Title</u>	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/2021	Cash Received	Accrued (Deferred) Revenue 6/30/2022	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF EDUCATION (CONTINUED)								
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2022-440147-CP-CTE-400	\$ (39,349)	\$ 39,349	\$ -	\$ -	\$ -
Career and Technical Education - Basic Grants to States	84.048	WI DPI	2022-440147-CP-CTE-401	-	9,319	107,860	117,179	-
Total Career and Technical Ed. - Basic Grants to States				(39,349)	48,668	107,860	117,179	-
Indian Education - Grants to Local Educational Agencies	84.060	Direct Program	N/A	(15,749)	15,749	-	-	-
Indian Education - Grants to Local Educational Agencies	84.060	Direct Program	N/A	-	13,950	13,692	27,642	-
School Based Mental Health Professionals	84.184	Direct Program	N/A	-	-	9,064	9,064	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2021-440147-DPI-T-IV-B-367	(70,537)	70,537	-	-	-
Twenty-First Century Community Learning Centers	84.287	WI DPI	2022-440147-DPI-T-IV-B-367	-	-	132,363	132,363	-
English Language Acquisition State Grants	84.365	WI DPI	2022-440147-DPI-TIIIA-391	(87,242)	184,930	89,784	187,472	-
English Language Acquisition State Grants - Private Funds	84.365	WI DPI	2022-440147-DPI-TIIIA-391	-	3,611	3,256	6,867	-
Improving Teacher Quality State Grants	84.367	WI DPI	2022-440147-DPI-TIIA-365	(155,603)	259,271	163,614	267,282	-
Improving Teacher Quality State Grants - Private Funds	84.367	WI DPI	2022-440147-DPI-TIIA-365	-	8,603	62,073	70,676	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2021-440147-DPI-TIV-A-381	(28,027)	28,027	-	-	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2022-440147-DPI-TIV-A-381	-	45,774	18,644	64,418	-
Student Support and Academic Enrichment Program - Private Funds	84.424	WI DPI	2022-440147-DPI-TIV-A-381	-	27,692	11,016	38,708	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425U	WI DPI	2022-440147-DPI-ESSERF-160	-	3,467,484	2,794,707	6,262,191	-
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	WI DPI	2022-440147-DPI-ESSERF-160	(5,454,429)	6,696,312	-	1,241,883	-
Total Elementary and Sec. School Emergency Relief				(5,454,429)	10,163,796	2,794,707	7,504,074	-
ARPA Homeless	84.427W	WI DPI	Unknown	-	-	15,483	15,483	-
Total U.S. Department of Education				(7,835,462)	16,494,702	6,383,713	15,042,953	-

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

<u>Grantor Agency/Federal Program Cluster or Title</u>	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/2021	Cash Received	Accrued (Deferred) Revenue 6/30/2022	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Refugee School Impact Grant	93.576	WI DPI	FY2022-440147-Refugee-538	\$ (3,681)	\$ 5,897	\$ 3,326	\$ 5,542	\$ -
<i>Medicaid Cluster</i>								
Medical Assistance Program	93.778	WI DHS	Unknown	(94,556)	2,226,522	29,416	2,161,382	-
Total U.S. Department of Health and Human Services				<u>(98,237)</u>	<u>2,232,419</u>	<u>32,742</u>	<u>2,166,924</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ (8,695,260)</u>	<u>\$ 28,465,802</u>	<u>\$ 6,604,294</u>	<u>\$ 26,374,836</u>	<u>\$ -</u>
				Reconciliation to the Basic Financial Statements:				
				Federal Sources			\$ 28,499,179	
				Less Amounts Not Considered Federal Awards:				
				Governor's Coronavirus Fund			(201,213)	
				Get Kids Ahead			<u>(1,923,130)</u>	
				Total Expenditures of Federal Awards			<u>\$ 26,374,836</u>	

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2022**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/2021	Cash Received	Accrued (Deferred) Revenue 6/30/2022	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	440147-100	\$ -	\$ 9,302,349	\$ -	\$ 9,302,349	\$ -
Special Education and School Age Parents	255.101	Brown County	440147-100	-	7,074	-	7,074	-
Special Education and School Age Parents	255.101	CESA 7	440147-100	-	5,653	-	5,653	-
Common School Fund Library Aid	255.103	Direct Program	440147-104	-	687,595	-	687,595	-
Bilingual Bicultural Aid lea	255.106	Direct Program	440147-111	-	410,972	-	410,972	-
General Transportation Aid	255.107	Direct Program	440147-102	-	67,832	-	67,832	-
Equalization Aids	255.201	Direct Program	440147-116	(1,493,368)	96,263,743	-	94,770,375	-
High Cost Special Education Aid	255.210	Direct Program	440147-119	-	174,341	-	174,341	-
Peer to Peer Suicide Prevention	255.246	Direct Program	440147-183	-	-	1,000	1,000	-
Peer to Peer Suicide Prevention	255.246	CESA 4	440147-183	-	-	6,000	6,000	-
School Based Mental Health Services Grant	255.297	Direct Program	440147-177	(591)	18,375	40,172	57,956	-
Alcohol and Other Drug Abuse	255.306	Direct Program	440147-143	(5,493)	22,584	6,499	23,590	-
Transition Readiness	255.257	Direct Program	440147-174	(45,076)	-	45,076	-	-
Early College Credit Program	255.445	Direct Program	440147-178	-	2,588	1,509	4,097	-
Achievement Gap Reduction (AGR)	255.504	Direct Program	440147-160	-	1,945,784	-	1,945,784	-
Educator Effective Evaluation System	255.940	Direct Program	440147-154	-	-	99,200	99,200	-
Per Pupil Aid	255.945	Direct Program	440147-113	-	10,670,702	-	10,670,702	-
Assessments of Reading Readiness	255.956	Direct Program	440147-166	-	27,447	-	27,447	-
Robotics League Participation Grants	255.959	Direct Program	440147-167	(5,000)	5,000	-	-	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	440147-168	-	48,778	-	48,778	-
Total Wisconsin Department of Public Instruction				(1,549,528)	119,660,817	199,456	118,310,745	-
WISCONSIN DEPARTMENT OF JUSTICE								
School Safety Initiative Grant	455.206	Direct Program	14404	(14,850)	35,145	-	20,295	-
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT								
Youth Apprenticeship	445.194	CESA 6	N/A	-	7,651	-	7,651	-
Total State Programs				\$ (1,564,378)	\$ 119,703,613	\$ 199,456	\$ 118,338,691	\$ -
Reconciliation to the Basic Financial Statements:								
State Sources							\$	119,478,645
Less: State Sources Not Considered State Financial Assistance								
State Tax Computer and Personal Property Aid								(1,139,954)
Total State Awards							\$	118,338,691

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

APPLETON AREA SCHOOL DISTRICT
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 for the Appleton Area School District are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal and state awards include all federal and state awards of the District. 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 or changes in net position of the District.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2022 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

The District has not elected to charge a de minimis rate of 10% of indirect costs.

NOTE 3 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2021 - 2022 eligible costs under the State Special Education Program as reported by the District are \$30,791,926. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed.

**APPLETON AREA SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2022**

NOTE 5 OVERSIGHT AGENCIES

The federal and state oversight agencies for the District are as follows:

Federal - U.S. Department of Education

State - Wisconsin Department of Public Instruction

**APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Basic Financial Statements

1. Type of auditor’s report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ Yes X No
 - Were significant deficiency(ies) identified not considered to be a material weakness(es)? X Yes _____ No
3. Noncompliance material to basic financial statements noted? _____ Yes X No

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified? _____ yes X none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance _____ yes X no

Identification of Major Federal Programs Assistance Listing Numbers

84.425D, 84.425U

Name of Federal Program

COVID-19 Elementary and Secondary School Emergency Relief

Audit threshold used to determine between Type A and Type B programs:

Federal Awards \$ 791,233

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

**APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

**Finding No.
2022-001**

**Control Deficiencies
Preparation of Annual Financial Reporting**

Type of Finding:	Significant deficiency in internal control over financial reporting.
Condition:	Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the Village had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.
Criteria:	The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.
Cause:	District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.
Effect:	Without CLA involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.
Recommendation:	We recommend the District continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the District's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.
Views of Responsible Officials:	Management continues to believe the cost to hire additional staff to eliminate the control deficiency outweigh the benefits to be received. Management reviews the financial report and the single audit report prepared by CLA prior to issuance.

**APPLETON AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

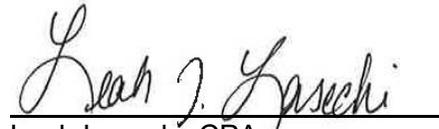
Section III – Federal and State Findings and Questioned Costs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Other Issues

- | | |
|--|-----|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| Department of Public Instruction | Yes |
| Department of Justice | Yes |
| Department of Workforce Development | Yes |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? | No |

4. Name and Signature of Partner



Leah Lasecki, CPA

5. Date of Report

December 12, 2022



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.