

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

SCHOOL DISTRICT OF WEST SALEM
WEST SALEM, WISCONSIN

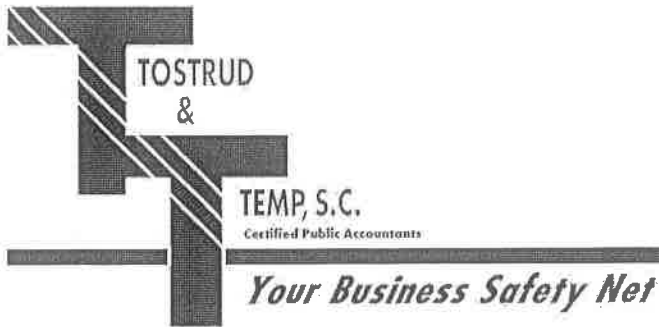
June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Members of the School Board
School District of West Salem
West Salem, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as well as the schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic

financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the schedule of expenditures of state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023, 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.



November 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

West Salem School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2023

This discussion and analysis of the School District of West Salem's financial information provides an overall review of financial activities for the fiscal year. The analysis focuses on School District financial performance as a whole. Revenue and expense comparisons to the prior fiscal year are used throughout this discussion and analysis letter. It should be read in conjunction with the Letter of Transmittal at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

Total governmental funds revenues were \$32,150,454 including \$9,572,569 of property taxes, \$15,881,037 of state aids and grants, \$2,280,009 of federal grants and \$168,605 from other sources. Total governmental fund expenditures were \$32,279,258 including \$14,557,867 for direct instruction. Other financing sources were proceeds from sale of capital assets of \$3,279.

The District's total long-term obligations increased by \$2,224,500. The liability for General obligation bonds decreased by \$1,840,000, leases payable decreased by \$410,505, premium on bonded debt refinancing decreased by \$14,635, post-retirement health care and other benefits increased by \$514,684, the liability for sick and vacation payable increased by \$1,799 and an increase in WRS pension plan liability increased by \$3,973,157.

The District's financial position as of June 30, 2023, as reflected by total net position, was \$33,543,546 a decrease of \$98,385 from the District's June 30, 2022 net position.

Overview of the Financial Statements

The comprehensive annual financial report consists of three parts: management's discussion and analysis, basic financial statements including notes to the financial statements, and required and other supplementary information.

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

- The *Statement of Net Position* and *Statement of Activities* provide information on a District-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the District-wide statements.

The notes to the financial statements provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the District's financial activities and position.

Required and other supplementary information further explains and supports the financial statements by including additional schedules on pension and OPEB information and also a comparison of the District's budget data for the year.

West Salem School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2023

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

	District Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, debt service, capital projects, and community services.	Assets held by the District on behalf of others. Other post-employment benefits trust and scholarship trust accounts are reported here.
Required financial statements	*Statement of net position *Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balance	* Statement of fiduciary net position * Statement of changes in fiduciary net position.
Basis of accounting and measurement focus	*Accrual accounting *Economic resources focus.	*Modified accrual accounting *Current financial resources focus	* Accrual accounting * Economic resources focus
Type of asset and liability information	All assets, deferred outflows, liabilities, and deferred inflows of resources; both financial and capital, short-term and long-term.	Generally, assets, deferred outflows expected to be used up, liabilities, and deferred inflows that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liabilities are due and payable.	All revenues or deductions during the year, regardless of when cash is received or paid.

West Salem School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2023

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 Activities reports all revenues and expenses used to support District activities. The two District-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the District's overall financial position. Increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities should be considered. In the District-wide financial statements, the District's activities are divided into two categories:

- Governmental activities – All of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, community programs, food service and administration. Property taxes and state equalization aid finance most of these activities.
- Business-type activities – Activities that are intended to be mostly self-supporting and meet certain accounting criteria are considered business-type activities. The District has no business-type activities.

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 sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. 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 debt) or to show that it is properly using certain revenues (such as capital project funds).

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 can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments, as is reported on the District-wide statements.

West Salem School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2023

Fund Financial Statements - Continued

- Fiduciary funds – The District serves as a trustee, or fiduciary, for its scholarship funds and its employee benefit trust fund. The assets of these organizations and trust funds belong to the organization or trust and not to the District. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. These activities are excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2023, compared to 2022. The District's total net position was \$33,543,546 at June 30, 2023.

	Governmental Activities		Total School District		Total % Change
	2021-2022	2022-2023	2021-2022	2022-2023	
Assets					
Current assets	\$ 6,387.9	\$ 6,373.5	\$ 6,387.9	\$ 6,373.5	-0.23%
Capital assets and other assets	56,334.8	49,477.6	56,334.8	49,477.6	-12.17%
Total assets	62,722.7	55,851.1	62,722.7	55,851.1	-10.96%
Deferred outflow s of resources	11,890.4	15,093.7	11,890.4	15,093.7	26.94%
Total assets and deferred outflow s of resources	74,613.1	70,944.8	74,613.1	70,944.8	-4.92%
Liabilities					
Deferred inflow s of resources	26,547.6	28,916.4	26,547.6	28,916.4	8.92%
Total liabilities and deferred inflow s of resources	14,423.5	8,484.9	14,423.5	8,484.9	-41.17%
Total liabilities and deferred inflow s of resources	40,971.1	37,401.3	40,971.1	37,401.3	-8.71%
Net Position					
Net investment in capital assets	25,288.0	27,132.8	25,288.0	27,132.8	7.30%
Restricted	5,284.6	4,322.9	5,284.6	4,322.9	-18.20%
Unrestricted	3,069.4	2,087.9	3,069.4	2,087.9	-31.98%
TOTAL NET POSITION	\$ 33,642.0	\$ 33,543.6	\$ 33,642.0	\$ 33,543.6	-0.29%

Note: Totals may not add due to rounding

For the year ended June 30, 2023, the largest portion of the District's net position is its net investment in capital assets of \$27,132,792 (e.g. land, buildings, and equipment, less accumulated depreciation and related outstanding debt used to acquire those assets). These assets are used to provide services to students and consequently are not available for

West Salem School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2023

Financial Analysis of the District as a Whole – Continued

future spending. Restricted net position accounts for \$4,322,899 of total net position. The District is required by state statute to have available in the debt service fund an amount sufficient to make debt payments required between the beginning of the fiscal year (July 1) and receipt of the first tax payments (normally January 20). The restricted net position is comprised \$4,150,038 restricted for other activities and for \$172,861 or debt service. Unrestricted net position for the District accounts for the final \$2,087,855 of total net position.

	Governmental Activities		Total School District		Total % Change
	2021-2022	2022-2023	2021-2022	2022-2023	
Revenues					
Program revenues					
Charges for services	\$ 533.7	\$ 1,106.7	\$ 533.7	\$ 1,106.7	107.36%
Operating grants & contributions	4,987.6	4,350.8	4,987.6	4,350.8	-12.77%
Capital grants & contributions	-	46.5	-	46.5	0.00%
General revenues					
Property taxes	9,993.1	9,572.6	9,993.1	9,572.6	-4.21%
State and federal aid	15,831.4	17,023.9	15,831.4	17,023.9	7.53%
Gain on sale of fixed assets	10.2	3.3	10.2	3.3	-67.65%
Other	127.9	64.6	127.9	64.6	-49.49%
Total revenues	31,483.9	32,168.4	31,483.9	32,168.4	2.17%
Expenses					
Instruction	13,647.0	15,973.7	13,647.0	15,973.7	17.05%
Pupil & instructional services	2,363.0	2,665.4	2,363.0	2,665.4	12.80%
General & Building Administration	1,711.8	2,062.8	1,711.8	2,062.8	20.50%
Business Administration	3,834.3	4,708.2	3,834.3	4,708.2	22.79%
Central	265.0	244.4	265.0	244.4	-7.77%
Debt service	642.3	710.9	642.3	710.9	10.68%
Community service	198.3	118.2	198.3	118.2	-40.39%
Food service	1,200.6	1,344.0	1,200.6	1,344.0	11.94%
Insurance	244.1	270.8	244.1	270.8	10.94%
Depreciation	1,258.0	1,295.1	1,258.0	1,295.1	2.95%
Other	2,921.7	2,873.3	2,921.7	2,873.3	-1.66%
Total expenses	28,286.1	32,266.8	28,286.1	32,266.8	14.07%
CHANGE IN NET POSITION	\$ 3,197.8	\$ (98.4)	\$ 3,197.8	\$ (98.4)	
Note: Totals may not add due to rounding					

Table 2 provides summarized operating results and their impact on net position. Governmental activities decreased the financial position of the District by \$98,385.

West Salem School District
Management's Discussion and Analysis - Continued
Year ended June 30, 2023

Financial Analysis of the District as a Whole – Continued

The District's revenues from governmental activities are primarily from property taxes (30%), unrestricted state and federal aids (53%) and operating grants and contributions (14%).

Table 3 presents the cost of the major District activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2021-2022	2022-2023		2021-2022	2022-2023	
Expenses						
Instruction	\$ 13,647.0	\$ 15,973.7	17%	\$ 11,017.8	\$ 13,417.9	18%
Pupil & instructional services	2,363.0	2,665.4	13%	1,852.5	2,030.2	9%
General & Building Administration	1,711.8	2,062.8	21%	1,684.3	2,061.4	18%
Business Administration	3,834.3	4,708.2	23%	3,413.1	4,073.0	16%
Central	265.0	244.4	-8%	265.0	244.4	-8%
Debt service	642.3	710.9	11%	593.2	661.8	10%
Community service	198.3	118.2	-40%	180.3	102.7	-76%
Food service	1,200.6	1,344.0	12%	(416.2)	(95.8)	-334%
Insurance	244.1	270.8	11%	229.2	270.8	15%
Depreciation	1,258.0	1,295.1	3%	1,258.0	1,295.1	3%
Other	2,921.7	2,873.3	-2%	2,687.6	2,701.2	1%
TOTAL EXPENSES	\$ 28,286.1	\$ 32,266.8		\$ 22,764.8	\$ 26,762.7	

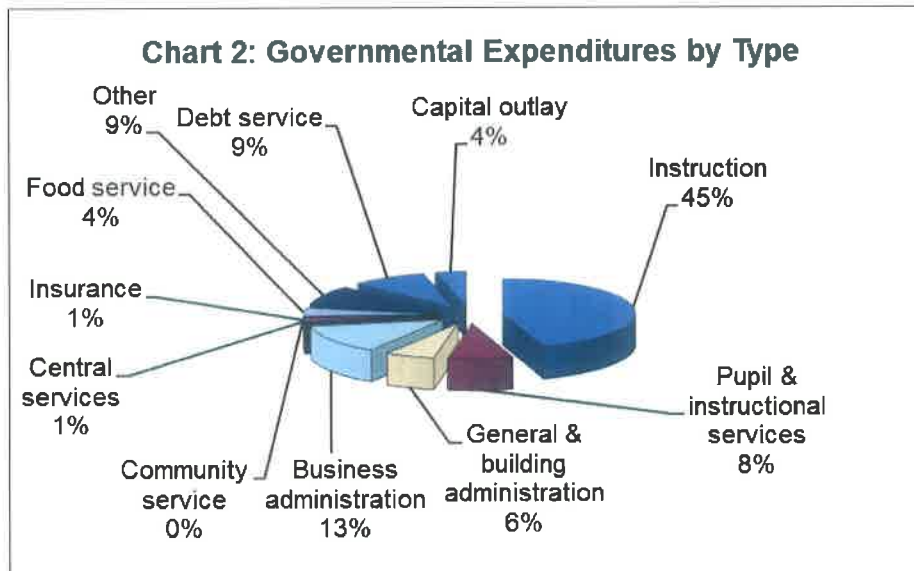
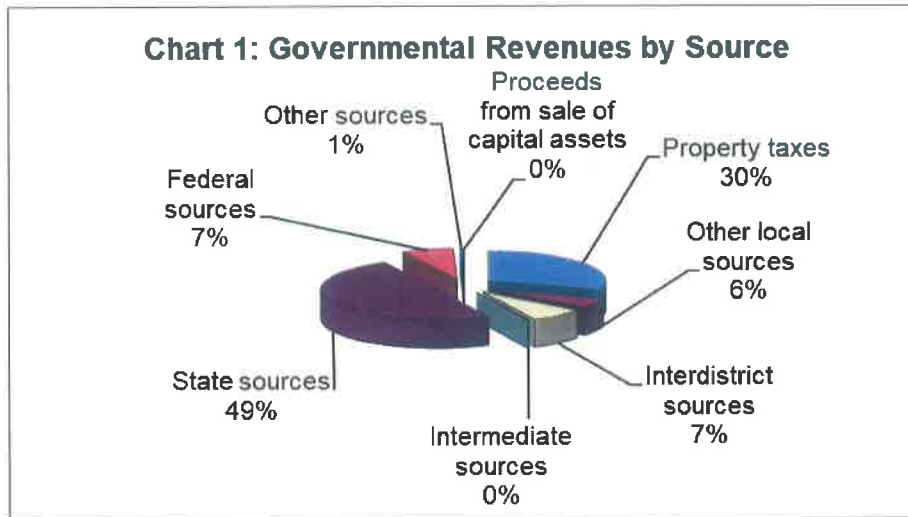
Note: Totals may not add due to rounding

The cost of all governmental activities this year was \$32,266,753. Individuals who directly participated or benefited from a program offering paid \$1,106,728 of costs. Federal and state governments subsidized certain programs with grants and contributions of \$4,350,785. The net cost of governmental activities of \$26,762,755 was financed by general revenues of the District.

West Salem School District
Management's Discussion and Analysis - Continued
 Year ended June 30, 2023

Financial Analysis of the District's Governmental Fund Statements

The composition of governmental revenues by source are illustrated in Chart 1 below. Chart 2 details governmental expenditures by type.



West Salem School District
Management's Discussion and Analysis - Continued
 Year ended June 30, 2023

Financial Aspect of the District's Fund Balance

The District completed the year with a total governmental fund balance of \$5,464,979. The fund balance decreased by \$125,525. Important factors affecting fund balance include:

- The District general fund balance decreased by \$209,658 due to a planned purchase for capital equipment.
- The District's food service fund continued with an increase of \$79,064 due to increase of reimbursement rate from federal aids for meals. In 2023-24 this increase in reimbursement will revert back to the pre-pandemic levels.

General Fund Budgetary Highlights

The District reviews an interim budget in May for the subsequent year (beginning July 1st). Consistent with current state statutes and regulations an *original* budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified. The District modified its original general fund expenditure budget in 2022-23 by a net of \$72,819 that included increased revenues and reallocations between building budgets mainly due to receiving ESSER Grant funds received to aid schools.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2023, the District had invested \$75,329,731 in capital assets, including buildings, sites, library books, and equipment (See Table 4). Total accumulated depreciation on these assets equaled \$26,612,344. Asset acquisitions for governmental activities totaled \$1,188,517. The District recognized depreciation expense of \$1,594,181 for the year ended June 30, 2023. Detailed information about capital assets can be found in Note 6 to the financial statements.

Table 4		
Capital Assets		
(net of depreciation, in thousands of dollars)		
	Governmental Activities	
	2021-2022	2022-2023
Land and site improvements	\$ 4,966.90	\$ 5,255.14
Buildings & building improvements	63,136.12	63,253.36
Equipment & furniture	6,041.91	6,821.23
Construction in process	11.89	-
Accumulated depreciation	(25,033.76)	(26,612.34)
TOTAL	\$ 49,123.06	\$ 48,717.39

Note: Totals may not add due to rounding

West Salem School District
Management’s Discussion and Analysis - Continued
 Year ended June 30, 2023

Right-of-Use Assets

The District leases copiers, printers and other equipment. Current year asset acquisitions were \$0 and current year amortization was \$404,168. The District has \$1,677,390 of right-of-use assets with \$917,177 of accumulated amortization at June 30, 2023. Detailed information about right-of-use assets can be found in Note 7 to the financial statements.

Long-Term Debt

At year-end, the District had \$21,584,595 in general obligation bonds and leases payable – a net decrease of \$2,250,505 from July 1, 2022.

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated to the debt service fund for annual debt service payments.

Table 5			
Outstanding Long-Term Obligations			
Total School District			
	<u>2021-2022</u>	<u>2022-2023</u>	<u>Total Percentage Change</u>
General obligation debt	\$ 23,835.10	\$ 21,584.60	-10.43%
Other	1,801.53	6,276.53	71.30%
TOTAL	<u>\$ 25,636.63</u>	<u>\$ 27,861.13</u>	7.98%

Factors Bearing on the District’s Future

Current known circumstances that will impact the District’s financial status in the future are:

- The impact of the continued current state fiscal practices.
- The district to maintain stable enrollment numbers.
- Managing the tax rate for all school district residents.

Contacting the District’s Financial Management

The financial report is designed to provide our citizens, taxpayers, customers, 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 any questions about this report or need additional financial information, contact the Director of Finance (608) 786-0700, School District of West Salem, 405 E. Hamlin St, West Salem, WI 54669.

FINANCIAL SECTION

School District of West Salem
STATEMENT OF NET POSITION
June 30, 2023

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and investments	\$ 3,151,317
Receivables	
Taxes	2,614,780
Accounts	8,606
Due from other funds	21,842
Due from other governments	469,398
Prepaid expenses	107,591
Total current assets	<u>6,373,534</u>
Noncurrent assets	
Capital assets not being depreciated	2,170,597
Property, plant and equipment, net of depreciation	46,546,790
Net capital assets	<u>48,717,387</u>
Right-of-use asset, net of accumulated amortization	760,213
Total noncurrent assets	<u>49,477,600</u>
Total assets	<u>55,851,134</u>
Deferred outflows of resources	
Pension plan - WRS	14,405,304
Other post-employment benefits	688,414
	<u>15,093,718</u>
Total assets and deferred outflows of resources	\$ <u>70,944,852</u>
Liabilities	
Current liabilities	
Current portion of long-term obligations	\$ 1,683,462
Accounts payable	161,907
Accrued liabilities	
Payroll, payroll taxes, and employee benefits	711,556
Interest	146,717
Unearned revenue	35,092
Total current liabilities	<u>2,738,734</u>
Noncurrent liabilities	
Noncurrent portion of long-term obligations	26,177,667
Total liabilities	<u>28,916,401</u>
Deferred inflows of resources	
Pension plan - WRS	8,319,416
Other post-employment benefits	165,489
	<u>8,484,905</u>
Net position	
Net investment in capital assets	27,132,792
Restricted	
Debt service	172,861
Other activities	4,150,038
Unrestricted	2,087,855
Total net position	<u>33,543,546</u>
Total liabilities, deferred inflows of resources, and net position	\$ <u>70,944,852</u>

The accompanying notes are an integral part of this statement.

School District of West Salem
STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Current					
Instruction					
Regular instruction	\$ 10,174,154	\$ 4,572	\$ 425,903	\$ -	\$ (9,743,679)
Vocational instruction	589,755	-	27,050	46,485	(516,220)
Special education instruction	3,405,803	-	1,367,265	-	(2,038,538)
Other instruction	1,803,893	317,086	367,384	-	(1,119,423)
Total instruction	15,973,605	321,658	2,187,602	46,485	(13,417,860)
Support services					
Pupil services	1,133,681	-	281,075	-	(852,606)
Instructional staff services	1,531,717	1,708	352,371	-	(1,177,638)
General administration services	577,527	-	-	-	(577,527)
School administration services	1,485,260	-	1,409	-	(1,483,851)
Business administration services	4,708,192	6,334	628,824	-	(4,073,034)
Central services	244,440	-	-	-	(244,440)
Insurance	270,847	-	-	-	(270,847)
Community services	118,203	15,537	-	-	(102,666)
Other support services	622,782	-	5,896	-	(616,886)
Food service	1,344,010	761,491	678,332	-	95,813
Depreciation - unallocated **	1,295,117	-	-	-	(1,295,117)
Total support services	13,331,776	785,070	1,947,907	-	(10,598,799)
Non-program					
Other non-program	2,250,511	-	166,206	-	(2,084,305)
Total non-program	2,250,511	-	166,206	-	(2,084,305)
Debt service	710,861	-	49,070	-	(661,791)
Total school district	\$ 32,266,753	\$ 1,106,728	\$ 4,350,785	\$ 46,485	(26,762,755)
General revenues					
Property taxes					
General purposes					6,918,144
Mobile home taxes					35,817
Community services					140,000
Debt services					2,478,608
State and federal aids not restricted to specific functions					
General					13,304,330
Other					3,719,568
Interest and investment earnings					30,352
Gain on sale of fixed assets					3,279
Miscellaneous					34,272
Total general revenues					26,664,370
Change in net position					(98,385)
Net position at July 1, 2022					33,641,931
Net position at June 30, 2023					\$ 33,543,546

** This amount excludes the depreciation that is included in the direct expenses to various functions. See Note 6.

The accompanying notes are an integral part of this statement.

School District of West Salem

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2023

	General Fund	Special Revenue Trust Fund	Debt Service Funds	Food Service Fund	Other Governmental Funds	Total
Assets						
Cash and investments	\$ 755,974	\$ 789,459	\$ 319,578	\$ 690,080	\$ 596,226	\$ 3,151,317
Receivables						
Taxes	2,614,780	-	-	-	-	2,614,780
Accounts	8,308	133	-	-	165	8,606
Due from other funds	21,701	-	-	141	-	21,842
Due from other governments	447,399	-	-	21,999	-	469,398
Prepaid expenses	105,376	-	-	2,215	-	107,591
Total assets	<u>\$ 3,953,538</u>	<u>\$ 789,592</u>	<u>\$ 319,578</u>	<u>\$ 714,435</u>	<u>\$ 596,391</u>	<u>\$ 6,373,534</u>
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 39,103	\$ 864	\$ -	\$ 117,735	\$ 4,205	\$ 161,907
Accrued liabilities						
Payroll, payroll taxes, and employee benefits	690,908	2,396	-	16,899	1,353	711,556
Unearned revenue	-	-	-	35,092	-	35,092
Total liabilities	<u>730,011</u>	<u>3,260</u>	<u>-</u>	<u>169,726</u>	<u>5,558</u>	<u>908,555</u>
Fund balances						
Nonspendable	101,475	-	-	2,215	-	103,690
Restricted	115,433	786,332	319,578	542,494	590,833	2,354,670
Unrestricted						
Unassigned	<u>3,006,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,006,619</u>
Total fund balances	<u>3,223,527</u>	<u>786,332</u>	<u>319,578</u>	<u>544,709</u>	<u>590,833</u>	<u>5,464,979</u>
Total liabilities and fund balances	<u>\$ 3,953,538</u>	<u>\$ 789,592</u>	<u>\$ 319,578</u>	<u>\$ 714,435</u>	<u>\$ 596,391</u>	<u>\$ 6,373,534</u>

The accompanying notes are an integral part of this statement.

School District of West Salem
**RECONCILIATION OF THE BALANCE SHEET -
 GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**
 June 30, 2023

Fund balance - governmental funds \$ 5,464,979

Total net position reported for governmental activities in the statement of net position are different from the amount reported above as total governmental funds fund balances because:

Capital assets used in government activities are not current financial resources and therefore not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are as follows:

Governmental capital assets	\$ 75,329,731	
Governmental accumulated depreciation	<u>(26,612,344)</u>	48,717,387

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

Right-of-use assets	1,677,390	
Accumulated amortization	<u>(917,177)</u>	760,213

Deferred outflows of resources represent consumption of net position that apply to future periods and therefore are not reported in the fund statements.

Deferred outflows of resources consist of:

Pension plan - WRS	14,405,304	
Other post-employment benefits	<u>688,414</u>	15,093,718

Long term liabilities, including bonds and notes payable, are not due in the current period and therefore not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are as follows:

General obligation debt	(20,800,000)	
Capital leases payable	(784,595)	
Accrued interest on general obligation debt	(146,717)	
Premium on bonded debt refinancing	(188,188)	
Compensated absences	(111,411)	
Net OPEB liability	(2,003,778)	
Pension Plan - WRS	<u>(3,973,157)</u>	(28,007,846)

Deferred inflows of resources are acquisitions of net position that are applicable to future reporting periods and therefore are not reported in the fund statements.

Deferred inflows of resources consist of:

Pension plan - WRS	(8,319,416)	
Other post-employment benefits	<u>(165,489)</u>	<u>(8,484,905)</u>

Total net position - governmental activities	\$	<u><u>33,543,546</u></u>
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The accompanying notes are an integral part of this statement.

School District of West Salem
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2023

	General Fund	Special Revenue Trust Fund	Debt Service Funds	Food Service Fund	Other Governmental Funds	Total
Revenues						
Property taxes	\$ 6,953,961	\$ -	\$ 2,478,608	\$ -	\$ 140,000	\$ 9,572,569
Other local sources	357,700	675,665	325	726,730	21,256	1,781,676
Interdistrict sources	2,386,529	-	-	21,999	-	2,408,528
Intermediate sources	58,030	-	-	-	-	58,030
State sources	15,862,134	-	-	18,903	-	15,881,037
Federal sources	1,620,580	-	-	659,429	-	2,280,009
Other sources	144,703	10,483	657	12,762	-	168,605
Total revenues	27,383,637	686,148	2,479,590	1,439,823	161,256	32,150,454
Expenditures						
Current						
Instruction						
Regular instruction	9,063,913	1,523	-	-	-	9,065,436
Vocational instruction	557,409	-	-	-	-	557,409
Special instruction	3,199,057	-	-	-	-	3,199,057
Other instruction	1,368,581	367,384	-	-	-	1,735,965
Total instruction	14,188,960	368,907	-	-	-	14,557,867
Support services						
Pupil services	1,060,933	6,596	-	-	-	1,067,529
Instructional staff services	1,450,938	-	-	-	-	1,450,938
General administration services	517,378	-	-	-	27,470	544,848
Building administration services	1,396,839	1,409	-	-	-	1,398,248
Business administration services	4,223,342	124,064	-	-	16,563	4,363,969
Central services	244,440	-	-	-	-	244,440
Insurance	270,847	-	-	-	-	270,847
Community service	-	-	-	-	116,961	116,961
Other support services	597,938	3,159	-	-	-	601,097
Food service	-	-	-	1,295,180	-	1,295,180
Total support services	9,762,655	135,228	-	1,295,180	160,994	11,354,057
Non-program services	2,219,871	30,640	-	-	-	2,250,511
Debt service	430,121	-	2,498,185	-	-	2,928,306
Capital outlay	743,938	157,081	-	66,608	220,890	1,188,517
Total expenditures	27,345,545	691,856	2,498,185	1,361,788	381,884	32,279,258
Excess (deficiency) of revenues over expenditures	38,092	(5,708)	(18,595)	78,035	(220,628)	(128,804)
Other financing sources (uses)						
Transfer (to) from other funds	(250,000)	-	-	-	250,000	-
Proceeds from sale of capital assets	2,250	-	-	1,029	-	3,279
	(247,750)	-	-	1,029	250,000	3,279
Net change in fund balances	(209,658)	(5,708)	(18,595)	79,064	29,372	(125,525)
Fund balances at July 1, 2022	3,433,185	792,040	338,173	465,645	561,461	5,590,504
Fund balances at June 30, 2023	\$ 3,223,527	\$ 786,332	\$ 319,578	\$ 544,709	\$ 590,833	\$ 5,464,979

The accompanying notes are an integral part of this statement.

School District of West Salem
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
 Year ended June 30, 2023

Net change in fund balances - total governmental funds \$ (125,525)

Amounts reported for governmental fund statements and the statement of activities are different because:

The acquisition of capital assets and right-of-use assets are reported in the governmental fund statements as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the statement of activities. Assets disposed of for more than book value (cost - accumulated depreciation) are recorded as gains on disposal of capital assets.

Capital outlay reported as expenditures in governmental fund statements	\$ 1,188,517	
Depreciation expense reported in the statement of activities	(1,594,181)	
Amortization expense reported in the statement of activities	(404,168)	
Proceeds from sale of fixed assets	(3,279)	
Gain on disposal of fixed assets	<u>3,279</u>	(809,832)

Vested employee benefits are reported in the governmental fund statements when amounts are paid. The statement of activities reports the value of benefits earned during the year:

Special termination benefits paid in current year	6,239	
Special termination benefits earned in current year	<u>(8,038)</u>	(1,799)

Proceeds from current year debt issues are reported as revenue in the governmental funds, but are reported as long-term debt in the statement of net position and does not affect the statement of activities.

The amount of proceeds from new debt issues in the current year is:

Premiums on current year debt issues are reported as revenue in the governmental funds, but are amortized over the life of the bond on the statement of activities and the remaining premium is recorded as a liability on the statement of net position.		
Current year amortization of bond premium	<u>14,635</u>	14,635

Repayments of principal on long-term debt are reported in the governmental fund statements as expenditures, but are reported as a reduction in long-term debt in the statement of net position. There is no affect on the statement of activities.

The amount of long-term debt principal payments in the current year is:		2,250,505
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School District of West Salem
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES - CONTINUED**
Year ended June 30, 2023

Pension and other post-employment benefit (OPEB) expense reported in the governmental funds represents current year required contributions into the defined benefit pension and OPEB plans. Pension and OPEB expense in the Statement of Activities is actuarially determined by the defined benefit pension and OPEB plans as the difference between the pension liability (asset) and OPEB liability from the prior year to the current year, with some adjustments.

Amount of current year required contributions into the defined benefit pension plan	\$ 939,750	
Actuarially determined change in net pension liability (asset) between years, with adjustments	(2,032,213)	
Actuarially determined change in net OPEB liability between years, with adjustments	<u>(300,846)</u>	<u>(1,393,309)</u>

In governmental fund statements, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues:

The amount of interest paid during the current year	665,031	
The amount of interest accrued during the current year	<u>(698,091)</u>	<u>(33,060)</u>

Change in net position - governmental activities **\$ (98,385)**

The accompanying notes are an integral part of this statement.

School District of West Salem
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2023

	Scholarship Funds	Employee Benefit Trust	Total
Assets			
Cash and cash equivalents	\$ -	\$ 616,652	\$ 616,652
Beneficial interest in perpetual trust	262,524	-	262,524
Total assets	\$ 262,524	\$ 616,652	\$ 879,176
Liabilities			
Due to other funds	\$ -	\$ 21,842	\$ 21,842
	-	21,842	21,842
Net position			
Restricted for scholarships	262,524	-	262,524
Restricted for employee post-employment benefits	-	594,810	594,810
Total net position	262,524	594,810	857,334
Total liabilities and net position	\$ 262,524	\$ 616,652	\$ 879,176

School District of West Salem
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year ended June 30, 2023

Additions			
Interest income	\$ -	\$ 10,004	\$ 10,004
Change in interest in perpetual trust	9,614	-	9,614
	9,614	10,004	19,618
Deductions			
Scholarships awarded	6,845	-	6,845
Employee benefits	-	145,094	145,094
	6,845	145,094	151,939
Net change in position	2,769	(135,090)	(132,321)
Net position at beginning of year	259,755	729,900	989,655
Net position at end of year	\$ 262,524	\$ 594,810	\$ 857,334

The accompanying notes are an integral part of these statements.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The School District of West Salem (the "District") is organized as a common school district. The District, governed by a seven-member elected school board, operates grades kindergarten through 12 and is comprised of all or parts of eleven taxing districts.

The financial statements of the School District of West Salem have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental 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.

B. Component Units

Accounting principles generally accepted in the United States of America require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All significant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the financial statements. It was determined that the District has no component units, and it is not included in any other governmental reporting entity.

C. Basis of Presentation

District-wide Statements - The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in part by fees charged to external parties and users of the goods and services. The District has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs; and

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Continued

District-wide Statements - Continued

(b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category -- governmental, proprietary, and fiduciary -- are presented, if applicable. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The District has no proprietary funds.

The District reports the following major governmental funds:

General fund - This is the District's primary operating fund. It accounts for all financial activity not required to be accounted for in another fund.

Special revenue fund - This fund is used to account for the proceeds of non-trust revenues of which the expenditures are limited to specified purposes related to district operations. The most common source of such funds is gifts and donations. Student activity funds and scholarships are also recorded in this fund.

Debt service fund - This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental activities.

Food service fund - This fund accounts for the activities of the District's child nutrition program.

Fiduciary funds (not included in the District-Wide Statements)

The District operates the following fiduciary funds:

Scholarship Fund - The scholarship fund is used to account for resources legally held in trust for student scholarships.

Employee Benefit Trust Fund - This is a separate accounting fund for reporting resources set aside and held in a trust arrangement for post-employment benefits. The District established this fund in the 2006-2007 school year.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

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

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of the financial statements. Cash and investment balances for individual funds are pooled unless regulations require separate investment accounts.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

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

F. Receivables and Payables

The aggregate District tax levy is apportioned and certified by November 6 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 may 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 February, the collecting municipalities pay proportionate shares of tax collections received through the last day of the preceding month to the District. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Any amounts reported on the statement of net position for due to and due from other funds represents amounts due between different fund types (governmental activities, business-type activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type.

All accounts receivable are shown at gross amounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

G. Other Assets

Expendable supplies or non-capital items acquired for initial use in subsequent fiscal periods are recorded as prepaid expenses. Prepaid insurance or service contracts are not recorded unless their recognition as expenditures would result in more than one year's cost being recorded. Prepaid supplies are valued at cost.

H. Capital Assets

Capital assets with a minimum cost of \$5,000 are reported at actual cost where possible; otherwise estimated cost was used based on District estimates of original cost. Donated assets are reported at estimated fair market value on the date received.

Depreciable assets are depreciated over their useful lives by the straight-line method. Estimated useful lives are as follows:

Land improvements	20 years
Buildings and improvements	50 years
Furniture and equipment	5-20 years
Licensed vehicles	8 years

I. Right-of-use Assets

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

J. Retirement Plans

District employees participate in the Wisconsin Retirement System. All contributions made by the District on behalf of its employees are reported as expenditures when corresponding salaries or wages are accrued.

K. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has one item related to its pension plan and one for its OPEB liability that qualify for reporting in this category.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Deferred Outflows and Inflows of Resources - Continued

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents a consumption of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has one item related to its pension plan and one for its other post-employment benefits that qualify for reporting in this category.

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

The District's policy allows employees to earn varying amounts of vacation pay each year depending on the total number of years employed. Vacation pay is granted on July 1 of the ensuing year and is not cumulative.

The District's policy allows twelve-month employees to earn and accumulate 12 days of sick leave and school-year employees to earn and accumulate 10 days of sick leave for each year of service up to 120 days. At retirement, all accumulated sick leave days from the date of hire shall be paid at 25%-50% of the current substitute per day pay rate based on the number of years of service with the District.

As provided in the employee handbooks, qualified employees meeting minimum age and length of service requirements may be eligible for certain pension and other post-employment benefits directly from the District. See Footnote 10 for further post-employment benefits explanation.

M. Unearned Revenue

The District maintains prepaid family lunch accounts for student lunches and the District records these balances as unearned revenue.

N. Net Position Classification

The District classifies its net position as follows:

- a. Net investment in capital assets represents the net depreciated value of capital assets less any remaining debt owed that was incurred to finance the acquisition of such assets.
- b. Restricted net position indicates that portion of net position that has been legally segregated for specific purposes.
- c. Unrestricted net position indicates that portion of net position for which the District has no legal financial obligation.

It is the District's policy to use restricted resources first, followed by unrestricted resources as needed when both become available.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

O. Fund Balance Classification

The District classifies its fund balance as follows:

- a. Unrestricted, unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. The District has adopted a minimum fund balance policy which states, "It is the goal of the District to maintain an end of the year General Fund (Fund 10) balance, amounting to between 12% and 17% of the next year's budgeted expenditures".
- b. Unrestricted, assigned fund balances include amounts that can be spent only for specific purposes stipulated by representatives designated by the board.
- c. Unrestricted, committed fund balances include amounts that can be spent only for specific purposes approved by the board.
- d. Restricted fund balances include amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use).

Fund balance classifications for restricted and all categories of unrestricted amounts are considered to have been spent when an expenditure is incurred.

When the District incurs an expenditure for purposes which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

P. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Q. Subsequent Events

The District has evaluated subsequent events through November 29, 2023, the date on which the financial statements were available to be issued.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Differences between the governmental funds statement of revenues, expenditures and changes in fund balance and the statement of activities fall into one of three broad categories.

- a. Long-term revenue differences that arise because governmental funds report revenues only when they are considered "available," whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expense adjustments report the differences between the two accounting methods used in recognizing vested employee benefits.
- b. Capital asset related differences between recording expenditures for the purchase of capital items in the governmental fund statements versus increasing non-current assets on the statement of net position and recording depreciation expense on all capital items in the statement of activities.
- c. Long-term debt transaction differences that occur because proceeds from debt issues and both interest and principal debt payments are recorded as revenues or expenditures, as applicable, in the governmental fund statements, whereas debt proceeds or principal payments are recorded as an increase or decrease, as applicable, in the statement of net position, and interest expense is recorded in the statement of activities as incurred.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 3 - CASH AND INVESTMENTS

Cash and investments, net of bank overdraft as of June 30, 2023, are classified in the accompanying financial statements as follows:

Statements of net position	
Governmental activities	\$ 3,151,317
Fiduciary funds	<u>616,652</u>
	<u>\$ 3,767,969</u>

Cash and investments as of June 30, 2023 consist of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Demand deposits	\$ 720,067	\$ 982,756
Passbook savings	<u>6,544</u>	<u>6,544</u>
	726,611	<u>\$ 982,756</u>
Petty cash	540	
Registered group variable annuity contract - AUL fixed interest account	613,563	
Equity mutual funds	109,692	
Fixed income mutual funds	136,605	
Money market	4,679	
Local government investment pool	<u>2,176,279</u>	
Total	<u>\$ 3,767,969</u>	

Investment Pool Information

Participation in the State of Wisconsin Local Government Investment Pool (LGIP) is voluntary. The LGIP does not have a credit quality rating. The Pool is not registered with the Securities and Exchange Commission, but operated under the statutory authority of the State of Wisconsin. It is a part of the State of Wisconsin Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board (SWIB). Funds invested in the LGIP are due to the District on demand. The fair value of the District's position in the pool is the same as the value of the pool shares. At June 30, 2023, the pool's fair value was 100 percent of book value.

SWIB may invest in obligations of the U.S. Treasury and its agencies, commercial paper, bank time deposits/certificates of deposit, bankers' acceptances, and asset backed securities and repurchase agreements secured by the U.S. Government or its agencies and other instruments authorized under the SIF investment guidelines.

Investments Authorized by the District's Investment Policy

The District is required to invest its funds in accordance with Wisconsin Statutes 66.0603 and 67.11(2). The District's investment policy is to invest in authorized funds that maximize the returns on the District's cash balances consistent with the safety of those monies and with the desired liquidity of the investments.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Disclosures Relating to 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's policy is to invest in funds that are available to the District at any time. The District has no certificates of deposit.

The District has investments with Trust Point with various maturities. The maturities are as follows:

Investment Type	Fair Value	Weighted Average Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Equity mutual funds	\$ 109,692	\$ 109,692	\$ -	\$ -	\$ -
Fixed income mutual funds	136,605	45,128	91,477	-	-
Money market	4,679	4,679	-	-	-
	<u>\$ 250,976</u>	<u>\$ 159,499</u>	<u>\$ 91,477</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to 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. The District holds a registered group variable annuity contract from American United Life Insurance Company (AUL). This account is not FDIC insured. Principal and interest rate guarantees are subject to the claims paying ability of the insurance company. AUL's financial strength rating by A.M. Best is A+ (superior) based on ratings as of June 30, 2023.

The District also holds equity and fixed income mutual funds through Trust Point. The fixed income mutual funds invest in bonds with various credit ratings. The underlying bonds in these funds are rated as follows by Morningstar:

Credit Rating	%
AAA	71.4%
AA	3.5%
A	8.7%
BBB	9.4%
BB	2.3%
B	3.0%
<B	1.2%
Not rated	0.5%
	<u>100.0%</u>

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Concentration of Credit Risk

Concentration of credit risk is defined as an exposure to a number of counterparties engaged in similar activities and having similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The District's investment policy does not specifically address guidelines regarding concentration of credit risk.

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 collateral securities that are in the possession of an outside party. The District does not have an investment policy that would limit the exposure to custodial credit risk for deposits. The District has securities pledged in its name to cover deposits exceeding federal depository insurance limits. The Wisconsin State Deposit Guarantee Fund provides coverage for uninsured and uncollateralized cash and investments for up to an additional \$400,000, but collection is not certain due to the limited size of the fund.

At June 30, 2023, the District had \$482,913 in deposits with financial institutions in excess of federal depository insurance (FDIC) limits that were collateralized and was relying on the Wisconsin State Guarantee Fund for \$256,387 of coverage. At June 30, 2023, the District had no uninsured and uncollateralized deposits. There could have been uninsured amounts during the fiscal year.

The custodial 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. The District does not have an investment policy that would limit the exposure to custodial risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

	Cost at <u>June 30, 2023</u>	Fair Value at <u>June 30, 2023</u>
Registered group variable annuity contract - AUL fixed interest account	\$ 679,698	\$ 613,563
Money market	4,679	4,679
Equity mutual funds	90,354	109,692
Fixed income mutual funds	147,103	136,605
Local Government Investment Pool	2,176,279	2,176,279
	<u>\$ 3,098,113</u>	<u>\$ 3,040,818</u>

Fair Value Measurements

The District uses fair value measurements to record fair value adjustments to certain assets and to determine fair value disclosures. Assets measured at fair value as of June 30, 2023 are:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Registered group variable annuity contract - AUL fixed interest account	\$ -	\$ 613,563	\$ -	\$ 613,563
Equity mutual funds	109,692	-	-	109,692
Fixed income mutual funds	136,605	-	-	136,605
Money market	4,679	-	-	4,679
Local Government Investment Pool	-	2,176,279	-	2,176,279
	<u>\$ 250,976</u>	<u>\$ 2,789,842</u>	<u>\$ -</u>	<u>\$ 3,040,818</u>

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 Year ended June 30, 2023

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

Interfund payables and receivables, all expected to be paid within a year and resulting from general operations of the District, for the year ended June 30, 2023 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Employee Benefit Trust	\$ 21,701
Food Service Fund	Employee Benefit Trust	141

The District also transferred \$250,000 from its general fund to its capital improvement trust fund for future capital projects.

NOTE 5 - SHORT-TERM NOTES PAYABLE

The District has a \$5,000,000 School District Tax and Revenue Anticipation Note dated August 1, 2022 that matured on June 30, 2023 at 4.25% interest. The District borrowed \$4,400,000 and repaid \$4,400,000 during the year ended June 30, 2023. Interest expense for the fiscal year on short-term borrowing was \$12,770, including paying fiscal agent fees of \$0.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 are as follows:

	Balances at July 1, 2022	Additions and Adjustments	Deletions and Adjustments	Balances at June 30, 2023
Governmental Activities				
Assets not being depreciated:				
Land	\$ 2,170,597	\$ -	\$ -	\$ 2,170,597
Construction in process	11,888	-	11,888	-
	2,182,485	-	11,888	2,170,597
Land improvements	2,796,301	288,246	-	3,084,547
Buildings and building improvements	63,136,116	117,240	-	63,253,356
Furniture and equipment	6,041,912	794,919	15,600	6,821,231
Totals	74,156,814	1,200,405	27,488	75,329,731
Less accumulated depreciation				
Land improvements	1,587,436	102,897	-	1,690,333
Buildings and building improvements	18,632,113	1,221,414	-	19,853,527
Furniture and equipment	4,814,214	269,870	15,600	5,068,484
Totals	25,033,763	1,594,181	15,600	26,612,344
Governmental activities capital assets, net of accumulated depreciation	\$ 49,123,051	\$ (393,776)	\$ 11,888	\$ 48,717,387

Depreciation expense was allocated to governmental activities based on functional expense totals as they relate to total functional expenses in the following categories:

Regular instruction	\$ 134,043
Business administration services	153,181
Food service	11,840
Unallocated	1,295,117
	\$ 1,594,181

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 7 - RIGHT-OF-USE LEASED ASSETS

A. Right-of-Use Asset

The District has recorded right-of-use leased assets for its leased copiers and printers. The related leases are discussed in the leases footnote. The right-of-use assets are amortized on a straight-line basis over the terms of the related leases.

Right-of-use asset balances and activity for the year ended June 30, 2023 are as follows:

	Balances at July 1, 2022	Additions	Deletions	Balances at June 30, 2023
Governmental Activities				
Right-of-use assets				
Furniture and equipment	\$ 1,677,390	\$ -	\$ -	\$ 1,677,390
Total assets	1,677,390	-	-	1,677,390
Less accumulated amortization				
Furniture and equipment	513,009	404,168	-	917,177
Total accumulated amortization	513,009	404,168	-	917,177
Governmental activities right-of-use assets, net of accumulated amortization	\$ 1,164,381	\$ (404,168)	\$ -	\$ 760,213

Amortization expense was allocated to governmental activities based on functional expense totals as they relate to total functional expenses in the following categories:

Regular instruction	\$ 366,125
Business administration services	38,043
	\$ 404,168

B. Long-term Lease Payable

The District, as lessee, entered into lease agreements for copiers, printers, computers and equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The copier and printer lease agreement was renegotiated on July 1, 2021, to lease copy machines and printers and requires 36 monthly payments of \$2,990. There is no variable term to the lease. The lease liability is measured at a discount rate of 5.50%, which was determined by the lessee. As a result of the lease, the District has recorded a right-of-use asset with a net book value of \$10,270 at June 30, 2023. The right-of-use asset is discussed above.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 7 - RIGHT-OF-USE LEASED ASSETS - CONTINUED

B. Long-term Lease Payable - Continued

A computer lease agreement was signed on June 8, 2022, to lease computers and requires 3 annual payments of \$33,644. There is no variable term to the lease. The lease liability is measured at a discount rate of 2.99%, which was determined by the lessee. As a result of the lease, the District has recorded a right-of-use asset with a net book value of \$32,677 at June 30, 2023. The right-of-use asset is discussed above.

A computer lease agreement was signed on March 25, 2021, to lease computers and requires 4 annual payments of \$333,447. There is no variable term to the lease. The lease liability is measured at a discount rate of 0%, which was determined by the lessee. As a result of the lease, the District has recorded a right-of-use asset with a net book value of \$666,894 at June 30, 2023. The right-of-use asset is discussed above.

An equipment lease agreement was signed on May 8, 2022, to lease computers and requires 60 monthly payments of \$1,196. There is no variable term to the lease. The lease liability is measured at a discount rate of 5.25%, which was determined by the lessee. As a result of the lease, the District has recorded a right-of-use asset with a net book value of \$50,372 at June 30, 2023. The right-of-use asset is discussed above.

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

Year ended June 30,	Principal	Interest	Total
2024	\$ 413,462	\$ 3,857	\$ 417,319
2025	346,118	1,674	347,792
2026	13,353	993	14,346
2027	11,662	293	11,955
	<u>\$ 784,595</u>	<u>\$ 6,817</u>	<u>\$ 791,412</u>

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 8 - LONG-TERM OBLIGATIONS

Long-term obligation balances and related activity for the year ended June 30, 2023 are as follows:

	Balances at July 1, 2022	Additions and Adjustments	Reductions and Adjustments	Balances at June 30, 2023
Governmental Activities				
General obligation bonds and notes payable	\$ 22,640,000	\$ -	\$ 1,840,000	\$ 20,800,000
Leases payable	1,195,100	-	410,505	784,595
Sick payable	109,612	8,038	6,239	111,411
Post retirement health care & other benefits liability	1,489,094	530,473	15,789	2,003,778
Net pension liability	-	4,857,347	884,190	3,973,157
Premium on bonded debt refinancing	202,823	-	14,635	188,188
Total governmental activity long-term obligations	<u>\$ 25,636,629</u>	<u>\$ 5,395,858</u>	<u>\$ 3,171,358</u>	<u>\$ 27,861,129</u>

The current portion (due within one year) of long-term obligations at June 30, 2023 consists of:

General obligation bonds	\$ 1,270,000
Leases payable	<u>413,462</u>
Total current portion of long-term obligations	<u>\$ 1,683,462</u>

Payments on bonds and notes are made from the Debt Service Fund. Payments on capital leases will be made from the General Fund. The benefit payments will be made by the General Fund and Food Service Fund.

Total interest accrued and paid, including fiscal agent fees of \$14,575 for the year ended June 30, 2023 is as follows:

	Accrued	Paid
Short-term borrowing	\$ 12,770	\$ 12,770
Long-term obligations	<u>698,091</u>	<u>665,031</u>
Totals	<u>\$ 710,861</u>	<u>\$ 677,801</u>

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 8 - LONG-TERM OBLIGATIONS - CONTINUED

Description	Issue Dates	Interest Rates (%)	Dates of Maturity	Balance at June 30, 2023	Current Maturities
School Improvement					
Bonds	12/21/2016	3.000-3.125%	4/1/2036	\$ 9,700,000	\$ -
Corporate Purpose					
Bonds	4/6/2017	2.00-3.00%	4/1/2037	8,830,000	-
Promissory note	1/1/2018	2.05%-5.00%	4/1/2027	<u>2,270,000</u>	<u>1,270,000</u>
Total general obligation debt				<u>\$ 20,800,000</u>	<u>\$ 1,270,000</u>

The 2022 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$1,234,400,884. The legal debt limit and margin of indebtedness as of June 30, 2023 in accordance with Wisconsin state statutes is as follows:

Debt limit (10% of \$1,234,400,884)	\$ 123,440,088
Deduct long-term debt applicable to debt margin	<u>20,800,000</u>
Margin of indebtedness	<u>\$ 102,640,088</u>

Aggregate cash flow requirements for the retirement of long-term principal and interest on bonds and notes payable at June 30, 2023 follows:

Year ended June 30	Principal	Interest	Total
2024	\$ 1,270,000	\$ 586,868	\$ 1,856,868
2025	1,000,000	560,831	1,560,831
2026	920,000	539,332	1,459,332
2027	1,040,000	518,631	1,558,631
2028	1,485,000	492,632	1,977,632
2029-2033	8,140,000	1,814,657	9,954,657
2034-2037	<u>6,945,000</u>	<u>516,427</u>	<u>7,461,427</u>
Totals	<u>\$ 20,800,000</u>	<u>\$ 5,029,378</u>	<u>\$ 25,829,378</u>

Defeasance

During the year, the District used existing resources of \$617,493 to retire a portion of the 2017 general obligation bonds. As a result, \$605,000 is now considered defeased and has been removed from the District's long-term obligations. The defeasance was undertaken to reduce total debt service payments by \$254,100.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLAN

Summary of Significant Accounting Policies

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

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

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

General Information about the Pension Plan

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

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>. Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

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

Benefits provided. Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and State executive participants) are entitled to receive an unreduced retirement benefit. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLAN - CONTINUED

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

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

The WRS also provides death and disability benefits for employees.

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

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

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 Year ended June 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLAN - CONTINUED

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

During the reporting period, the WRS recognized \$884,190 in contributions from the employer.

Contribution rates as of June 30, 2023 are:

Employee Category	Employee	Employer
General (including teachers)	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.1%

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

At June 30, 2023, the District reported a liability (asset) of \$3,973,157 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.07499773%, which was a decrease of 0.0000294% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$2,029,482.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLAN - CONTINUED

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,328,010	\$ 8,313,584
Changes in assumptions	781,287	-
Net differences between projected and actual earnings on pension plan investments	6,749,477	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,605	5,832
Employer contributions subsequent to the measurement date	537,925	-
Total	\$ 14,405,304	\$ 8,319,416

\$537,925 reported as deferred outflows related to pensions resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Net Deferred Outflow (Inflows) of Resources
2024	\$ 233,686
2025	\$ 1,146,633
2026	\$ 1,177,038
2027	\$ 2,990,606

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLAN - CONTINUED

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

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

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

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. The Total Pension Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the December 31, 2021 actuarial valuation.

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:

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLAN - CONTINUED

Asset Allocation Targets and Expected Returns*

As of December 31, 2022

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % **
Public Equity	48	7.6	5.0
Public Fixed Income	25	5.3	2.7
Inflation Sensitive Assets	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund ***	115	7.4	4.8
 Variable Fund Asset Class			
U.S. Equities	70	7.2	4.6
International Equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

*Asset allocations are managed within established ranges; target percentages may differ from actual monthly allocations

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

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

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

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 9 - EMPLOYEE RETIREMENT PLAN - CONTINUED

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase To Discount Rate (7.80%)
District's proportionate share of the net pension liability (asset)	\$13,186,780	\$ 3,973,157	\$(2,365,024)

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

Payables to the pension plan. The District's payable to WRS as of June 30, 2023 was \$198,764 for its June 2023 required contributions.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description. The District administers a single-employer defined benefit healthcare plan. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plan. The plan covers both active and retired participants. As of the actuarial valuation date of June 30, 2021, there were 312 active participants, 1 retiree receiving benefits and 0 retirees eligible, but not receiving benefits in the plan. Because claim costs are generally higher for retiree groups than for active employees, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of the reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

A description of the single-employer benefit plan is as follows:

Retirees who retired before July 1, 2012: The OPEB benefit that was available to full-time teachers and administrators is no longer offered by the District, which included medical coverage subsidized by the District.

Retirees who retire after July 1, 2012: The District will pay a benefit at retirement equal to \$2,000 per year for teachers (\$7,000 per year for Administrators) for a maximum of 30 years of service (15 years for Administrators). The teachers and administrators must be enrolled as a retiree with the WRS to be eligible for the OPEB benefit. Supervisors and other District staff with at least ten years of service with the District and enrollment with the WRS as a retiree will receive \$1,000 to \$6,000 for each year of service up to 15 to 30 years of service, depending on their position. See the District records for specific amounts per year of service and maximum years of service for each position. The benefit will be deposited at retirement into a Health Reimbursement Account (HRA) to be used only for eligible health insurance premiums through the District (for a maximum duration of COBRA) or another provider. There is a survivor benefit.

Funding Policy. The District has established a trust fund to finance the cost of its OPEB. Expenditures for these benefits are recognized on a pay-as-you-go basis in the fund statements and on the full accrual basis using the valuation methods required by the Governmental Accounting Standards Board (GASB) in the District-wide statements. There is no obligation on the part of the District to fund these benefits in advance.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED

Net Other Post-Employment Benefit Liability. The net other post-employment benefit liability (NOL) was measured as of June 30, 2022 and the total other post-employment benefit liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022.

Actuarial Methods and Assumptions. The District engaged an actuary to perform a valuation as of June 30, 2021, rolled forward to June 30, 2022 using the entry age normal, level percent of salary actuarial cost method. The asset valuation method used was the market value and the amortization period used was 30-year, level dollar.

The total other post-employment benefit liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	2.25%
General inflation	2.50%
Annual premium increase rate	6.50%
Decreasing .1% per year down to 5.0%, and level thereafter	

Actuarial assumptions are based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-2017.

Retirement rates were calculated based on age and years of service. 75% of current and future retirees eligible for the lump sum HRA contribution in retirement are assumed to remain enrolled in the plans in which they are currently enrolled for the duration of COBRA. 20% of active employees not eligible for the District-paid contributions and currently electing coverage were assumed to elect Single coverage on the District's plan for the duration of COBRA by self-paying their medical premiums in retirement.

The discount rate used to measure the total other post-employment benefit liabilities was 2.25%, based on the expected long-term yield on Trust assets and the 20-year AA municipal bond rate as of the valuation date.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED

Change in the Net Other Post-Employment Benefit Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at the beginning of the year	\$ 2,487,527	\$ 998,433	\$ 1,489,094
Changes for the year:			
Service cost	196,331	-	196,331
Interest	54,979	-	54,979
Changes in benefit terms	-	-	-
Differences between expected and actual experience	279,163	-	279,163
Changes of assumptions or other inputs	-	-	-
Contributions - employer	-	-	-
Net investment income	-	15,789	(15,789)
Benefit payments	(284,323)	(284,323)	-
Net changes	<u>246,150</u>	<u>(268,534)</u>	<u>514,684</u>
Balance at the end of the year	<u>\$ 2,733,677</u>	<u>\$ 729,899</u>	<u>\$ 2,003,778</u>

Sensitivity of Net Other Post-Employment Benefit Liability to changes in the discount and healthcare cost trend rates. The following represents the net other post-employment benefit liability (NOL) of the District, calculated using the discount rate of 2.25 percent, as well as what the District's NOL would be if it was calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total OPEB liability	\$ 2,849,728	\$ 2,733,677	\$ 2,617,013
Fiduciary net position	729,899	729,899	729,899
Net OPEB liability	<u>\$ 2,119,829</u>	<u>\$ 2,003,778</u>	<u>\$ 1,887,114</u>

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED

The following presents the net other post-employment benefit liability (NOL) of the District, calculated using the healthcare cost trend rate of 7.5 percent decreasing to 5.0 percent, as well as what the District's NOL would be if it was calculated using a trend rate that is 1-percentage-point lower (6.5 percent graded down to 4.0 percent) or 1-percentage-point higher (8.5 percent graded down to 6.0 percent) than the current rate:

	1% Decrease (5.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.50% decreasing to 5.0%)	1% Increase (7.50% decreasing to 6.0%)
Total OPEB liability	\$ 2,714,040	\$ 2,733,677	\$ 2,756,580
Fiduciary net position	729,899	729,899	729,899
Net OPEB liability	<u>\$ 1,984,141</u>	<u>\$ 2,003,778</u>	<u>\$ 2,026,681</u>

Other Post-Employment Benefits Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-Employment Benefits. For the year ended June 30, 2023, the District recognized OPEB expense of \$300,846. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and experience	\$ 526,548	\$ -
Changes in assumptions or other input	148,376	165,489
Net difference between projected and actual earnings on pension plan investments	13,490	-
District contributions subsequent to the measurement date	-	-
	<u>\$ 688,414</u>	<u>\$ 165,489</u>

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

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 10 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - CONTINUED

Year ended June 30, 2024	\$	64,125
2025		59,668
2026		57,939
2027		57,010
2028		56,313
Thereafter		227,870
	\$	<u>522,925</u>

NOTE 11 - FUND BALANCES AND NET POSITION

Fund Balance

At June 30, 2023, the District has a nonspendable fund balance of \$103,690 for the following:

General fund - prepaid expenses	\$	101,475
Food service - prepaid expenses		2,215
	\$	<u>103,690</u>

At June 30, 2023, the District has a restricted fund balance of \$2,354,670 for the following:

General fund - unspent		
common school funds	\$	65,698
General fund - self-insurance		49,735
Special projects - restricted		
Donations, scholarships		786,332
Debt service funds		319,578
Food service		542,494
Community service		20,783
Capital improvements		570,050
	\$	<u>2,354,670</u>

Net position

At June 30, 2023, the Governmental Activities net position balance after subtracting net investment in capital assets and the restricted amounts is \$2,087,855. Restricted net position for debt service is \$172,861 and restricted net position for other activities of \$4,150,038 consists of \$2,112,731 for its WRS pension, \$65,698 for unspent common school funds, \$49,735 for self-insurance, \$544,709 for food service, \$20,783 for community service, \$786,332 for restricted donations and scholarships and \$570,050 for future capital improvements.

School District of West Salem
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2023

NOTE 12 - PERPETUAL TRUSTS

The District is a beneficiary of two perpetual trusts at June 30, 2023. These are administered by a third-party trustee and recorded in the District's fiduciary funds.

Balance at beginning of year	\$ 259,755
Scholarships awarded	(6,845)
Net increase in value	<u>9,614</u>
Balance at end of year	<u>\$ 262,524</u>

NOTE 13 - CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2023, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements. GASB Statement No. 96 enhances the relevance and consistency of information of the District's subscription-based information technology arrangement activities. The District has evaluated and determined that it doesn't have any subscription-based information technology arrangements that fall under GASB Statement No. 96.

NOTE 14 - 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; injuries to employees; and natural disasters. The District insures through commercial insurance companies for all risks of loss, except for health and dental care. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 15 - LIMITATION ON SCHOOL DISTRICT REVENUES

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

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

REQUIRED SUPPLEMENTARY INFORMATION

School District of West Salem
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
POST-EMPLOYMENT BENEFIT PLANS
Year ended June 30, 2023

Fiscal Year Ended	Actuarially Determined Contribution (ADC)	Contributions in Relation to the ADC	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contribution as a Percentage of Covered Employee Payroll
6/30/2017	\$ 290,599	\$ 380,251	\$ (89,652)	\$ 7,458,630	5.10%
6/30/2018	290,599	365,046	(74,447)	8,506,683	4.29%
6/30/2019	219,840	206,611	13,229	8,506,683	2.43%
6/30/2020	219,840	35,352	184,488	10,416,395	0.34%
6/30/2021	257,813	-	257,813	10,416,395	0.00%
6/30/2022	257,813	-	257,813	11,493,129	0.00%
6/30/2023	269,544	-	269,544	11,493,129	0.00%

Key Methods and Assumption Used to Calculate ADC:

	Actuarial Cost Method	Asset Valuation Method	Amortization Method	Discount Rate	Inflation
6/30/2017	Entry Age Normal	Market Value	10 year level \$	4.00%	3.00%
6/30/2018	Entry Age Normal	Market Value	10 year level \$	4.00%	3.00%
6/30/2019	Entry Age Normal	Market Value	30 year level \$	3.50%	2.50%
6/30/2020	Entry Age Normal	Market Value	30 year level \$	3.50%	2.50%
6/30/2021	Entry Age Normal	Market Value	30 year level \$	3.50%	2.50%
6/30/2022	Entry Age Normal	Market Value	30 year level \$	3.50%	2.50%
6/30/2023	Entry Age Normal	Market Value	30 year level \$	2.25%	2.00%

* Amounts presented for the fiscal year were determined as of the measurement date.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the schedule will present those years for which information is available.

School District of West Salem
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS
Year ended June 30, 2023

	2017	2018	2019	2020	2021	2022	2023
Total OPEB liability							
Service cost	\$ 190,745	\$ 190,745	\$ 158,272	\$ 152,988	\$ 175,111	\$ 211,177	\$ 196,331
Interest	65,345	60,580	76,029	80,012	87,162	60,073	54,979
Changes in benefit terms	-	-	-	23,136	-	-	-
Differences between expected and actual experience	-	263,632	-	139,635	-	39,958	279,163
Changes of assumptions or other input	-	(53,480)	(27,594)	52,310	151,335	(141,480)	-
Benefit payments	(536,683)	(293,194)	(291,429)	(193,874)	(11,077)	(493,048)	(284,323)
Net change in total OPEB liability	(280,593)	168,283	(84,722)	254,207	402,531	(323,320)	246,150
Total OPEB liability - beginning of the year	2,351,141	2,070,548	2,238,831	2,154,109	2,408,316	2,810,847	2,487,527
Total OPEB liability - end of the year (a)	<u>\$ 2,070,548</u>	<u>\$ 2,238,831</u>	<u>\$ 2,154,109</u>	<u>\$ 2,408,316</u>	<u>\$ 2,810,847</u>	<u>\$ 2,487,527</u>	<u>\$ 2,733,677</u>
Fiduciary net position							
Contributions	\$ 380,251	\$ 365,046	\$ 206,611	\$ 35,352	\$ -	\$ -	\$ -
Net investment income	23,074	24,301	17,423	17,539	26,157	22,839	15,789
Benefit payments	(536,683)	(293,194)	(291,429)	(193,874)	(11,077)	(493,048)	(284,323)
Administrative expense	-	-	-	-	-	-	-
Transfer ***	-	-	-	-	453,584	-	-
Net change in fiduciary net position	(133,358)	96,153	(67,395)	(140,983)	468,664	(470,209)	(268,534)
Fiduciary net position - beginning of the year	1,245,561	1,112,203	1,208,356	1,140,961	999,978	1,468,642	998,433
Fiduciary net position - end of the year (b)	<u>\$ 1,112,203</u>	<u>\$ 1,208,356</u>	<u>\$ 1,140,961</u>	<u>\$ 999,978</u>	<u>\$ 1,468,642</u>	<u>\$ 998,433</u>	<u>\$ 729,899</u>
Net OPEB liability end of the year (a) - (b)	<u>\$ 958,345</u>	<u>\$ 1,030,475</u>	<u>\$ 1,013,148</u>	<u>\$ 1,408,338</u>	<u>\$ 1,342,205</u>	<u>\$ 1,489,094</u>	<u>\$ 2,003,778</u>
Fiduciary net position as a percentage of the total OPEB liability	53.72%	53.97%	52.97%	41.52%	52.25%	40.14%	26.70%
Covered employee payroll	\$ 7,458,630	\$ 8,506,683	\$ 8,506,683	\$ 10,416,395	\$ 10,416,395	\$ 11,493,129	\$ 11,493,129
Net OPEB liability as a percentage of covered payroll	12.85%	12.11%	11.91%	13.52%	12.89%	12.96%	17.43%
Annual weighted money-weighted rate of return net of investment expenses	1.79%	1.68%	1.44%	1.56%	1.80%	1.68%	1.66%

* Amounts presented for the fiscal year were determined as of the measurement date.

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the schedule will present those years for which information is available.

*** Transfer of funds that were previously allocated for the District's supplemental pension plan

Notes:

Benefit changes. Effective July 1, 2019, retirees are allowed to stay on the District's medical plan only for the duration of COBRA.

Changes of assumptions. There have been no changes in assumptions.

School District of West Salem
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
Year ended June 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's proportion of the net pension liability (asset)	0.07082090%	0.07060417%	0.07020781%	0.06848447%	0.06951287%	0.07167119%	0.07368761%	0.07502713%	0.07499773%
District's share of the net pension liability (asset)	\$ (1,739,555)	\$ 1,147,304	\$ 578,680	\$ (2,033,385)	\$ 2,473,050	\$ (2,311,006)	\$ (4,600,419)	\$ (6,047,324)	\$ 3,973,157
District's covered payroll	\$ 10,187,973	\$ 9,811,546	\$ 9,926,691	\$ 10,056,178	\$ 10,996,566	\$ 11,831,850	\$ 12,312,997	\$ 13,121,918	\$ 13,602,915
District's collective net pension liability as a percentage of the employer's covered employee payroll	-17.07%	11.69%	5.83%	-20.22%	22.49%	-19.53%	-37.36%	-46.09%	29.21%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.74%	98.20%	99.12%	102.93%	96.45%	102.96%	105.26%	106.02%	95.72%

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

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the schedule will present those years for which information is available.

School District of West Salem
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
WISCONSIN RETIREMENT SYSTEM
Year ended June 30, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contributions	\$ 713,192	\$ 667,183	\$ 655,583	\$ 683,822	\$ 741,781	\$ 788,001	\$ 832,459	\$ 885,733	\$ 884,190
Contributions in relation to the contractually required contributions	\$ 713,192	\$ 667,183	\$ 655,583	\$ 683,822	\$ 741,781	\$ 788,001	\$ 832,459	\$ 885,733	\$ 884,190
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 10,187,973	\$ 9,811,546	\$ 9,926,691	\$ 10,056,178	\$ 10,996,566	\$ 11,831,850	\$ 12,312,997	\$ 13,121,918	\$ 13,602,915
Contributions as a percentage of covered payroll	7.00%	6.80%	6.60%	6.80%	6.75%	6.66%	6.76%	6.75%	6.50%

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

** This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the schedule will present those years for which information is available.

Notes to the Required Supplementary Information
for the Year ended June 30, 2023

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

Changes of assumptions. There were no significant changes of assumptions.

School District of West Salem
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND - FUNDS 10 AND 27
Year ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property taxes	\$ 6,960,144	\$ 6,960,144	\$ 6,953,961	\$ (6,183)
Other local sources	343,100	344,715	357,700	12,985
Interdistrict sources	2,489,760	2,489,760	2,386,529	(103,231)
Intermediate sources	27,411	29,040	58,030	28,990
State sources	15,902,994	15,931,620	15,862,134	(69,486)
Federal sources	1,827,113	1,868,062	1,620,580	(247,482)
Other sources	152,500	152,500	144,703	(7,797)
Total revenues	27,703,022	27,775,841	27,383,637	(392,204)
Expenditures				
Instruction				
Regular instruction	9,178,918	9,169,370	9,071,563	97,807
Vocational instruction	749,479	714,773	706,650	8,123
Special instruction	3,323,592	3,316,853	3,199,057	117,796
Other instruction	1,367,979	1,415,942	1,394,281	21,661
Total instruction	14,619,968	14,616,938	14,371,551	245,387
Support services				
Pupil services	1,080,337	1,089,380	1,060,933	28,447
Instructional staff services	1,478,600	1,454,716	1,450,938	3,778
General administration services	556,588	535,010	517,378	17,632
Building administration services	1,433,667	1,430,772	1,396,839	33,933
Business administration services	4,525,108	4,555,836	4,661,965	(106,129)
Central services	244,694	247,589	252,926	(5,337)
Insurance	258,285	258,285	270,847	(12,562)
Principal and interest	424,851	424,851	430,121	(5,270)
Other support services	615,102	665,602	712,176	(46,574)
Total support services	10,617,232	10,662,041	10,754,123	(92,082)
Non-program services	2,115,459	2,146,499	2,219,871	(73,372)
Total expenditures	27,352,659	27,425,478	27,345,545	79,933
Excess (deficiency) of revenues over expenditures	350,363	350,363	38,092	(312,271)
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	2,250	2,250
Proceeds from leases	10,000	10,000	-	(10,000)
Transfer from (to) other funds	(250,000)	(250,000)	(250,000)	-
	<u>(240,000)</u>	<u>(240,000)</u>	<u>(247,750)</u>	<u>(7,750)</u>
Net change in fund balance	110,363	110,363	(209,658)	(320,021)
Fund balance at July 1, 2022	3,433,185	3,433,185	3,433,185	-
Fund balance at June 30, 2023	<u>\$ 3,543,548</u>	<u>\$ 3,543,548</u>	<u>\$ 3,223,527</u>	<u>\$ (320,021)</u>

School District of West Salem
**RECONCILIATION SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**
BUDGET AND ACTUAL - REGULATORY BASIS TO GAAP BASIS
GENERAL FUND AND SPECIAL EDUCATION FUND
Year ended June 30, 2023

	General Fund - Fund 10			Special Education Fund - Fund 27			Combined Fund 10 and 27		
	Budgeted Amounts			Budgeted Amounts			Budgeted Amounts		
	Original	Final	Actual	Original	Final	Actual	Original	Final	Actual
Revenues									
Property taxes	\$ 6,960,144	\$ 6,960,144	\$ 6,953,961	\$ -	\$ -	\$ -	\$ 6,960,144	\$ 6,960,144	\$ 6,953,961
Other local sources	343,100	344,715	357,700	-	-	-	343,100	344,715	357,700
Interdistrict sources	2,269,824	2,269,824	2,213,475	219,936	219,936	173,054	2,489,760	2,489,760	2,386,529
Intermediate sources	7,411	9,040	24,161	20,000	20,000	33,869	27,411	29,040	58,030
State sources	14,947,994	14,976,620	14,935,586	955,000	955,000	926,548	15,902,994	15,931,620	15,862,134
Federal sources	1,195,763	1,236,712	951,891	631,350	631,350	668,689	1,827,113	1,868,062	1,620,580
Other sources	152,500	152,500	144,703	-	-	-	152,500	152,500	144,703
Total revenues	25,876,736	25,949,555	25,581,477	1,826,286	1,826,286	1,802,160	27,703,022	27,775,841	27,383,637
Expenditures									
Instruction									
Regular instruction	9,178,918	9,169,370	9,071,563	-	-	-	9,178,918	9,169,370	9,071,563
Vocational instruction	749,479	714,773	706,650	-	-	-	749,479	714,773	706,650
Special instruction	-	-	-	3,323,592	3,316,853	3,199,057	3,323,592	3,316,853	3,199,057
Other instruction	1,363,025	1,403,383	1,386,581	4,954	12,559	7,700	1,367,979	1,415,942	1,394,281
Total instruction	11,291,422	11,287,526	11,164,794	3,328,546	3,329,412	3,206,757	14,619,968	14,616,938	14,371,551
Support services									
Pupil services	668,759	668,759	636,058	411,578	420,621	424,875	1,080,337	1,089,380	1,060,933
Instructional staff services	1,230,283	1,206,399	1,198,766	248,317	248,317	252,172	1,478,600	1,454,716	1,450,938
General administration services	556,588	535,010	517,378	-	-	-	556,588	535,010	517,378
Building administration services	1,433,667	1,430,772	1,396,839	-	-	-	1,433,667	1,430,772	1,396,839
Business administration services	4,429,187	4,459,915	4,515,499	95,921	95,921	146,466	4,525,108	4,555,836	4,661,965
Central services	244,694	247,589	252,926	-	-	-	244,694	247,589	252,926
Insurance	258,285	258,285	270,847	-	-	-	258,285	258,285	270,847
Principal and interest	424,851	424,851	430,121	-	-	-	424,851	424,851	430,121
Other support services	615,102	665,602	711,896	-	-	280	615,102	665,602	712,176
Total support services	9,861,416	9,897,182	9,930,330	755,816	764,859	823,793	10,617,232	10,662,041	10,754,123
Non-program services	1,963,491	2,004,440	2,050,560	151,968	142,059	169,311	2,115,459	2,146,499	2,219,871
Total expenditures	23,116,329	23,189,148	23,145,684	4,236,330	4,236,330	4,199,861	27,352,659	27,425,478	27,345,545
Excess of revenues over (under) expenditures	2,760,407	2,760,407	2,435,793	(2,410,044)	(2,410,044)	(2,397,701)	350,363	350,363	38,092
Other financing sources (uses)									
Proceeds from sale of capital assets	-	-	2,250	-	-	-	-	-	2,250
Proceeds from leases	10,000	10,000	-	-	-	-	10,000	10,000	-
Transfer from (to) other funds	(2,660,044)	(2,660,044)	(2,647,701)	2,410,044	2,410,044	2,397,701	(250,000)	(250,000)	(250,000)
	<u>(2,650,044)</u>	<u>(2,650,044)</u>	<u>(2,645,451)</u>	<u>2,410,044</u>	<u>2,410,044</u>	<u>2,397,701</u>	<u>(240,000)</u>	<u>(240,000)</u>	<u>(247,750)</u>
Net change in fund balance	110,363	110,363	(209,658)	-	-	-	110,363	110,363	(209,658)
Fund balance at July 1, 2022	3,433,185	3,433,185	3,433,185	-	-	-	3,433,185	3,433,185	3,433,185
Fund balance at June 30, 2023	<u>\$ 3,543,548</u>	<u>\$ 3,543,548</u>	<u>\$ 3,223,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,543,548</u>	<u>\$ 3,543,548</u>	<u>\$ 3,223,527</u>

School District of West Salem
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SPECIAL REVENUE TRUST FUND - FUND 21
Year ended June 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Other local sources	\$ 128,642	\$ 128,642	\$ 675,665	\$ 547,023
Other sources	-	-	10,483	10,483
Total revenues	128,642	128,642	686,148	557,506
Expenditures				
Instruction				
Regular instruction	418	418	1,523	(1,105)
Vocational instruction	1,139	1,139	-	1,139
Special instruction	491	491	-	491
Other instruction	363,288	363,288	367,384	(4,096)
Total instruction	365,336	365,336	368,907	(3,571)
Support services				
Pupil services	18,732	18,732	6,596	12,136
General administration services	-	-	-	-
Building administration services	6,585	6,585	1,409	5,176
Business administration services	-	-	281,145	(281,145)
Central services	113	113	-	113
Other support services	354	354	3,159	(2,805)
Total support services	25,784	25,784	292,309	(266,525)
Non-program services	23,490	23,490	30,640	(7,150)
Total expenditures	414,610	414,610	691,856	(277,246)
Net change in fund balance	(285,968)	(285,968)	(5,708)	280,260
Fund balance at at July 1, 2022	792,040	792,040	792,040	-
Fund balance at at June 30, 2023	\$ 506,072	\$ 506,072	\$ 786,332	\$ 280,260

School District of West Salem
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND
REFERENDUM DEBT - FUND 39
Year ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 2,478,608	\$ 2,478,608	\$ 2,478,608	\$ -
Other local sources	-	-	325	325
Other sources	-	-	657	657
 Total revenues	 2,478,608	 2,478,608	 2,479,590	 982
Expenditures				
Support services				
Principal and interest	2,481,108	2,481,108	2,498,185	(17,077)
 Total expenditures	 2,481,108	 2,481,108	 2,498,185	 (17,077)
 Net change in fund balance	 (2,500)	 (2,500)	 (18,595)	 (16,095)
 Fund balance at July 1, 2022	 338,173	 338,173	 338,173	 -
 Fund balance at June 30, 2023	 \$ 335,673	 \$ 335,673	 \$ 319,578	 \$ (16,095)

School District of West Salem
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOOD SERVICE FUND - FUND 50
Year ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Other local sources	\$ 738,531	\$ 738,531	\$ 726,730	\$ (11,801)
Interdistrict sources	21,999	21,999	21,999	-
State sources	16,882	16,882	18,903	2,021
Federal sources	538,935	538,935	659,429	120,494
Other sources	10,000	10,000	12,762	2,762
Total revenues	1,326,347	1,326,347	1,439,823	113,476
Expenditures				
Support services				
Food service	1,309,740	1,309,740	1,361,788	(52,048)
Total expenditures	1,309,740	1,309,740	1,361,788	(52,048)
Excess of revenues over (under) expenditures	16,607	16,607	78,035	61,428
Other financing sources (uses)				
Proceeds from sale of capital assets	-	-	1,029	1,029
	-	-	1,029	1,029
Net change in fund balance	16,607	16,607	79,064	62,457
Fund balance at July 1, 2022	465,645	465,645	465,645	-
Fund balance at June 30, 2023	\$ 482,252	\$ 482,252	\$ 544,709	\$ 62,457

School District of West Salem
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2023

NOTE 1 - BUDGETARY ACCOUNTING

Budgets are adopted each fiscal year for all funds in accordance with Wisconsin state statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the two-digit sub-function level in the general fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

- A. Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- B. The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- C. 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.
- D. Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- E. Once the School Board (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 2/3 vote of the entire School Board.
- F. Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as a committed fund balance.

NOTE 2 - BASIS OF ACCOUNTING

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the financial statements. There is a perspective difference between the budget and reporting under generally accepted accounting principles (GAAP). For budgetary purposes, the special education fund was budgeted separate from the general fund, but for GAAP, the two are combined.

School District of West Salem
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
Year ended June 30, 2023

NOTE 3 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following functions had excess of actual expenditures over budget for the year ended June 30, 2023:

<u>Individual Fund and Function</u>	<u>Expenditures</u>
General Fund	
Building administration services	\$ 106,129
Central services	5,337
Insurance	12,562
Principal and interest	5,270
Other support services	46,574
Non-program services	73,372
Special Revenue Trust Fund	
Regular instruction	1,105
Other instruction	4,096
Business administration services	281,145
Other support services	2,805
Non-program services	7,150
Debt Services Fund	
Principal and interest - referendum debt	17,077
Food Service Fund	
Food service	52,048

NOTE 4 - CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO PENSION LIABILITIES (ASSETS)

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

Changes of assumptions:

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

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

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

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

School District of West Salem
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
 Year ended June 30, 2023

**NOTE 4 - CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO PENSION
 LIABILITIES (ASSETS) - CONTINUED**

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

	2022	2021	2020	2019	2018
Valuation Date:	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Actuarial Cost Method:	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age	Frozen Entry Age
Amortization Method:	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period	Level Percent of Payroll-Closed Amortization Period
Amortization Period:	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS	30 Year closed from date of participation in WRS
Asset Valuation Method:	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)	Five Year Smoothed Market (Closed)
Actuarial Assumptions					
Net Investment Rate of Return:	5.4%	5.4%	5.4%	5.5%	5.5%
Weighted based on assumed rate for:					
Pre-retirement:	7.0%	7.0%	7.0%	7.2%	7.2%
Post-retirement:	5.0%	5.0%	5.0%	5.0%	5.0%
Salary Increases					
Wage Inflation:	3.0%	3.0%	3.0%	3.2%	3.2%
Seniority/Merit:	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%	0.1%-5.6%
Post-retirement Benefit Adjustments*:	1.9%	1.9%	1.9%	2.1%	2.1%
Retirement Age:	Experience- based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience- based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017.	Experience- based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015 - 2017.	Experience- based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.	Experience- based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014.
Mortality:	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).	Wisconsin 2012 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%).

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

School District of West Salem
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED
Year ended June 30, 2023

**NOTE 4 - CHANGES IN BENEFIT TERMS AND ASSUMPTIONS RELATED TO PENSION
LIABILITIES (ASSETS) - CONTINUED**

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

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

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

OTHER SUPPLEMENTAL FINANCIAL INFORMATION

School District of West Salem
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

Fund Number:	(80)	(46)	
	Community Service Fund	Capital Improvement Fund	Total
Assets			
Cash and investments	\$ 26,176	\$ 570,050	\$ 596,226
Accounts receivable	165	-	165
Total assets	\$ 26,341	\$ 570,050	\$ 596,391
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 4,205	\$ -	\$ 4,205
Accrued liabilities			
Payroll, payroll taxes, and employee benefits	1,353	-	1,353
	5,558	-	5,558
Fund balances			
Restricted	20,783	570,050	590,833
	20,783	570,050	590,833
Total liabilities and fund balances	\$ 26,341	\$ 570,050	\$ 596,391

School District of West Salem
**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS**
Year ended June 30, 2023

Fund Number:	(80)	(46)	
	Community Service Fund	Capital Improvement Fund	Total
Revenues			
Property taxes	\$ 140,000	\$ -	\$ 140,000
Other local sources	15,537	5,719	21,256
Total revenues	155,537	5,719	161,256
Expenditures			
Support services			
General administration services	27,470	-	27,470
Business administration services	17,441	220,012	237,453
Community service	116,961	-	116,961
Total support services	161,872	220,012	381,884
Total expenditures	161,872	220,012	381,884
Excess (deficiency) of revenues over expenditures	(6,335)	(214,293)	(220,628)
Other financing sources (uses)			
Transfer from (to) other funds	-	250,000	250,000
	-	250,000	250,000
Net change in fund balance	(6,335)	35,707	29,372
Fund balance at July 1, 2022	27,118	534,343	561,461
Fund balance at June 30, 2023	\$ 20,783	\$ 570,050	\$ 590,833

School District of West Salem
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2023

	Federal Catalog Number	Program or Award Number	Program or Award Amount	Receivable at July 1, 2022	Expenditures	Revenues Grantor	Receivable at June 30, 2023	Footnote
United States Department of Agriculture								
Passed through Wisconsin Department of Public Instruction								
Child Nutrition Cluster								
Food Distribution								
July 1, 2022 to June 30, 2023	10.555	UNKNOWN	N/A	\$ -	\$ 133,937	\$ 133,937	\$ -	2
School Breakfast Program								
July 1, 2022 to June 30, 2023	10.553	2023-326370-DPI-SB-546	N/A	-	71,838	71,838	-	1
National School Lunch Program								
July 1, 2021 to June 30, 2022	10.555		N/A	628	-	628	-	1
July 1, 2022 to June 30, 2023		2023-326370-DPI-NSL-547	N/A	-	451,819	451,819	-	1
Special Milk Program								
July 1, 2021 to June 30, 2022	10.556		N/A	14	-	14	-	1
July 1, 2022 to June 30, 2023		2023-326370-DPI-SMP-548	N/A	-	1,835	1,835	-	1
Subtotal Child Nutrition Cluster								
				642	659,429	660,071	-	
Total United States Department of Agriculture								
				642	659,429	660,071	-	
United States Department of Education								
Passed through Wisconsin Department of Public Instruction								
Title I Basic Grant								
July 1, 2021 to June 30, 2022	84.010A		N/A	6,070	-	6,070	-	
July 1, 2022 to June 30, 2023		2023-326370-DPI-TI-A-141	\$ 58,755	-	57,596	54,859	2,737	
Special Education (IDEA) Cluster								
PL 94-142 Idea Flow-Through								
July 1, 2021 to June 30, 2022	84.027A		N/A	101,179	-	101,179	-	
July 1, 2022 to June 30, 2023		2023-326370-DPI-FLOW-341	\$ 425,259	-	421,233	382,529	38,704	
PL 99-457 Pre-School Entitlement								
July 1, 2021 to June 30, 2022	84.173A		N/A	2,029	-	2,029	-	
July 1, 2022 to June 30, 2023		2023-326370-DPI-PRESCH-347	\$ 20,561	-	14,555	13,082	1,473	
Subtotal Special Education (IDEA) Cluster								
				103,208	435,788	498,819	40,177	
Title IIA Teacher and Principal Training								
July 1, 2021 to June 30, 2022	84.367A		N/A	3,836	-	3,836	-	
July 1, 2022 to June 30, 2023		2023-326370-DPI-TIIA-365	\$ 25,997	-	25,382	25,382	-	
Title IVA Student Sport and Academic Enrichment								
July 1, 2021 to June 30, 2022	84.424A		N/A	71	-	71	-	
July 1, 2022 to June 30, 2023		2023-326370-DPI-TIVA-381	\$ 10,193	-	9,937	9,937	-	
Elementary and Secondary School								
Emergency Relief Fund - COVID-19								
March 13, 2020 to September 30, 2022	84.425D	2021-326370-DPI-ESSERF-160	\$ 2,631	2,624	-	2,624	-	
Elementary and Secondary School								
Emergency Relief Fund II - COVID-19								
March 13, 2020 to September 30, 2023	84.425D	2022-326370-DPI-ESSERFII-163	\$ 570,061	95,908	139,597	235,222	283	
Elementary and Secondary School								
Emergency Relief Fund III - COVID-19								
March 13, 2020 to September 30, 2024	84.425D	2022-326370-DPI-ESSERFIII-165	\$ 802,876	2,989	512,182	403,597	111,574	
Subtotal Elementary and Secondary School								
Emergency Relief Funds								
				101,521	651,779	641,443	111,857	
Total passed through Wisconsin Department of Public Instruction								
				214,706	1,180,482	1,240,417	154,771	

School District of West Salem
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year ended June 30, 2023

	Federal Catalog Number	Program or Award Amount	Program or Award Amount	Receivable at July 1, 2022	Expenditures	Revenues Grantor	Receivable at June 30, 2023	Footnote
United States Department of Education - Continued								
Passed through Cooperative Educational Services Agency #4								
Carl Perkins Tech Prep	84.048							
July 1, 2022 to June 30, 2023			\$ 7,530	\$ -	\$ 7,530	\$ 7,530	\$ -	
Title IIIA	84.365A							
July 1, 2022 to June 30, 2023		UNKNOWN	279	-	259	=	259	
ARP Homeless Children and Youth II - COVID-19	84.425C							
July 1, 2021 to June 30, 2022			N/A	46	=	46	-	
July 1, 2022 to June 30, 2023		UNKNOWN	735	-	735	735	-	
Total passed through CESA #4				<u>46</u>	<u>8,524</u>	<u>8,311</u>	<u>259</u>	
Total United States Department of Education				214,752	1,189,006	1,248,728	155,030	
United States Department of Health and Human Services								
Passed through State of Wisconsin Health Care								
Financing Programs								
Medicaid								
July 1, 2021 to June 30, 2022	93.778							
July 1, 2022 to June 30, 2023		UNKNOWN	N/A	11,398	-	11,398	-	
Passed through Cooperative Educational								
Service Agency #4								
Public Health Emergency Response	93.354							
July 1, 2022 to June 30, 2023		UNKNOWN	N/A	-	9,918	-	9,918	
Total United States Department of Health and Human Services				11,398	260,592	253,818	18,172	
Department of the Treasury								
Passed through Wisconsin Department of Administration								
Coronavirus State and Local Fiscal								
Recovery Funds - Get Kids Ahead - COVID-19								
March 3, 2021 to December 31, 2024	21.027							
Total Department of the Treasury		UNKNOWN	\$ 32,828	-	32,828	32,828	-	
Total federal financial assistance				<u>-</u>	<u>32,828</u>	<u>32,828</u>	<u>-</u>	
				\$ <u>226,792</u>	\$ <u>2,141,855</u>	\$ <u>2,195,445</u>	\$ <u>173,202</u>	

Note 1: This statement is prepared using the same basis of accounting as the District's financial statements. The District uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

Note 2: The amount of commodities reported on the schedule is the value of commodities received by the District in the current year and are priced as prescribed by the Wisconsin Department of Public Instruction.

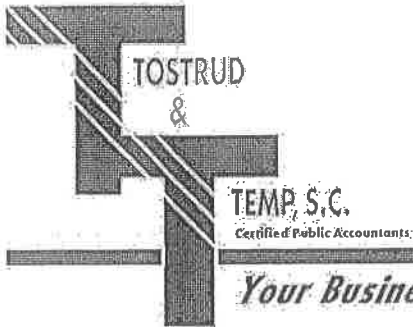
Note 3: All costs reported are direct costs. The District has not elected to use the 10% de minimus indirect rate.

Note 4: There are no subrecipients.

School District of West Salem
SCHEDULE OF STATE FINANCIAL ASSISTANCE
Year ended June 30, 2023

	I.D. Number	Program or Award Amount	Receivable at July 1, 2022	Expenditures	Revenue State Reimbursements	Receivable at June 30, 2023
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT						
Cost Reimbursement Programs - Non-major						
Passed through the CESA #4						
Youth Apprenticeship	445.107					
July 1, 2022 to June 30, 2023		\$ 1,460	\$ -	\$ 7,812	\$ 7,812	\$ -
Passed Wisconsin Department of Workforce Development						
Technical Education Equipment Grant	455.109					
July 1, 2022 to June 30, 2023		\$ 46,485	-	46,485	-	46,485
			-	54,297	7,812	46,485
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION						
Cost Reimbursement Programs - Non-major						
Peer Review Mentoring						
July 1, 2021 to June 30, 2022	255.301	N/A	25,000	-	25,000	-
July 1, 2022 to June 30, 2023		\$ 25,000	-	25,000	25,000	-
Robotics						
July 1, 2021 to June 30, 2022	255.959	N/A	3,927	-	3,927	-
July 1, 2022 to June 30, 2023		\$ 3,679	-	3,679	-	3,679
Assessment of Reading Readiness						
July 1, 2022 to June 30, 2023	255.956	\$ 2,516	-	2,516	2,516	-
Career and Technical Education Incentive						
July 1, 2021 to June 30, 2022	255.950	N/A	12,659	-	12,659	-
July 1, 2022 to June 30, 2023		\$ 6,349	-	6,349	6,349	-
Educator Effectiveness						
July 1, 2022 to June 30, 2023	955.945	\$ 11,920	-	11,920	11,920	-
			41,586	49,464	62,371	3,679
			\$ 41,586	\$ 103,761	\$ 70,183	\$ 50,164
Entitlement Programs						
Major State Programs						
General Equalization	255.201			\$ 13,304,330		
Total major programs				\$ 13,304,330		
Non-major State Programs						
Handicapped Pupils and School Age Parents:						
Internal District Programs						
Participant in Package Program at CESA #4	255.101		\$ 3,505,949	\$ 918,905		
Total Handicapped Program				31,611		
				950,516		
Pupil Transportation	255.107			79,313		
School Lunch Aid	255.102			10,356		
Common School Fund	255.103			103,626		
Wisconsin School Day Milk Program	255.115			3,917		
School Breakfast Aid	255.344			4,630		
Early College Credit Program	255.445			211		
Per Pupil Aid	255.945			1,275,498		
Special Education Transition Incentive	255.960			7,643		
Total non-major programs				\$ 2,435,710		
Total State Assistance				\$ 15,843,801		

OTHER REPORTS



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

Board of Education
School District of West Salem
West Salem, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of West Salem, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2023.

Internal Control Over Financial Reporting

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

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 weakness 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

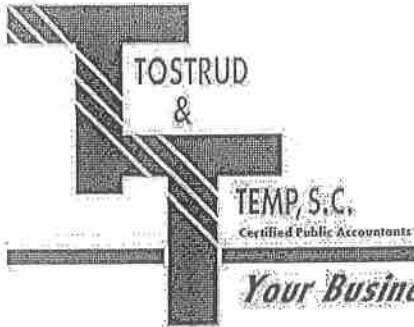
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



November 29, 2023



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND
WISCONSIN STATE SINGLE AUDIT GUIDELINES

Board of Education
School District of West Salem
West Salem, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

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

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and *Wisconsin State Single Audit Guidelines*.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses 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 *Wisconsin State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



November 29, 2023

School District of West Salem
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weakness identified? yes no
 Significant deficiency (ies) identified? yes none reported

Noncompliance material to the financial statements? yes no

Federal Awards

Internal control over compliance:
 Material weakness identified? yes no
 Significant deficiency (ies) identified? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? yes no

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555, 10.559 93.778	Child Nutrition Cluster Medicaid

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

Auditee qualified as a low-risk auditee? yes no

School District of West Salem
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year ended June 30, 2023

Section I - Summary of Auditor's Results - Continued

State Awards

Internal control over financial reporting:

Material weakness identified?

yes no

Significant deficiency (ies) identified?

yes none reported

Type of auditor's report issued on compliance
for major programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with State Single
Audit Guidelines?

yes no

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
255.201	General Equalization Aid

Section II - Financial Statement Findings

None

Section III - Federal and State Award Findings and Questioned Costs

None

Section IV - Prior-Year Financial Statement Findings

None