

RIPON AREA PUBLIC SCHOOLS

Annual Financial Report

June 30, 2021

RIPON AREA PUBLIC SCHOOLS

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Independent Auditors' Report

To the Board of Education
Ripon Area School District
Ripon, Wisconsin

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ripon Area School District (District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Ripon Area School District as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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KerberRose, an independent member firm of PrimeGlobal

To the Board of Education
Ripon Area School District

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents on pages 43 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ripon Area School District’s basic financial statements. The combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds, combining schedules of internal general and special education funds and schedules of charter school authorizer operating costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying schedule of state financial assistance is presented for purposes of additional analysis as required by *Wisconsin State Single Audit Guidelines* and the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction and is also not a required part of the basic financial statements.

The supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, combining schedules of internal general and special education funds, schedules of charter school authorizer operating costs, schedule of expenditures of federal awards, and schedule of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Education
Ripon Area School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2021, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ripon Area School District's internal control over financial reporting and compliance.

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
November 21, 2021

FINANCIAL STATEMENTS

RIPON AREA PUBLIC SCHOOLS
District-Wide Statement of Net Position
As of June 30, 2021

	Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 9,369,818
Receivables:	
Taxes	1,691,501
Accounts	77,146
Due from Other Governments	365
Due from State Government	258,073
Due from Federal Government	425,084
Prepaid Items	5,870
Total Current Assets	11,827,857
Noncurrent Assets	
Net Pension Asset	3,970,852
Other Postemployment Benefits - Single Employer Asset	1,530
Capital Assets	
Nondepreciable	541,158
Depreciable, net	36,921,246
Total Noncurrent Assets	41,434,786
TOTAL ASSETS	53,262,643
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	6,314,231
Deferred Outflows Related to Other Post-Employment Benefits - Cost Sharing	661,574
Deferred Outflows Related to Other Post-Employment Benefits - Single Employer	63,289
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,039,094
LIABILITIES	
Current Liabilities	
Accounts Payable	224,082
Due to Other Government	2,645
Accrued and Other Current Liabilities	1,906,651
Accrued Interest Payable	149,776
Unearned Revenue	5,055
Deposits Payable	28,443
Current Portion of Long-Term Obligations	1,445,885
Total Current Liabilities	3,762,537
Noncurrent Liabilities	
Noncurrent Portion of Long-Term Obligations	21,417,962
Other Postemployment Benefits - Cost Sharing Liability	1,625,463
Total Noncurrent Liabilities	23,043,425
TOTAL LIABILITIES	26,805,962
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pension	8,709,355
Deferred Inflows Related to Other Post-Employment Benefits - Cost Sharing	207,669
Deferred Inflows Related to Other Post-Employment Benefits - Single Employer	430,346
TOTAL DEFERRED INFLOWS OF RESOURCES	9,347,370
NET POSITION	
Net Investment in Capital Assets	15,057,404
Restricted	4,560,015
Unrestricted	4,530,986
TOTAL NET POSITION	\$ 24,148,405

RIPON AREA PUBLIC SCHOOLS

District-Wide Statement of Activities

For the Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Instruction				
Regular Instruction	\$ 8,839,223	\$ 46,235	\$ 712,678	\$ (8,080,310)
Vocational Instruction	523,337	829	-	(522,508)
Physical Instruction	376,576	10,980	1,702	(363,894)
Special Instruction	2,202,992	-	1,130,403	(1,072,589)
Other Instruction	397,046	89,667	-	(307,379)
Total Instruction	<u>12,339,174</u>	<u>147,711</u>	<u>1,844,783</u>	<u>(10,346,680)</u>
Support Services				
Pupil Services	1,024,312	-	161,128	(863,184)
Instructional Staff Services	1,092,145	-	490,523	(601,622)
General Administration Services	455,163	-	-	(455,163)
School Building Administration Services	1,225,222	-	-	(1,225,222)
Business Administration	346,401	-	-	(346,401)
Operations and Maintenance	2,135,225	-	-	(2,135,225)
Pupil Transportation Services	676,108	-	32,534	(643,574)
Central Services	637,060	-	-	(637,060)
Other Business Administration	97,376	-	-	(97,376)
Other Support Services	327,928	-	-	(327,928)
Insurance	140,709	-	-	(140,709)
Food Service	892,258	35,818	969,092	112,652
Community Services	96,834	27,643	-	(69,191)
Interest and Fiscal Charges	708,837	-	-	(708,837)
Depreciation - Unallocated	1,261,672	-	-	(1,261,672)
Total Support Services	<u>11,117,250</u>	<u>63,461</u>	<u>1,653,277</u>	<u>(9,400,512)</u>
Non-Program Transactions				
Open Enrollment	1,054,928	-	4,064,778	3,009,850
Non-Open Enrollment	86,230	-	-	(86,230)
Total Non-Program Transactions	<u>1,141,158</u>	<u>-</u>	<u>4,064,778</u>	<u>2,923,620</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 24,597,582</u>	<u>\$ 211,172</u>	<u>\$ 7,562,838</u>	<u>(16,823,572)</u>
GENERAL REVENUES				
Property Taxes				6,432,863
State and Federal Aids not Restricted to Specific Functions:				
Equalization, Exempt Computer Aid and Per Pupil Aid				13,239,834
Interest and Investment Earnings				42,014
Miscellaneous				3,574
Total General Revenues				<u>19,718,285</u>
CHANGE IN NET POSITION				2,894,713
NET POSITION - BEGINNING OF YEAR - AS RESTATED				<u>21,253,692</u>
NET POSITION - END OF YEAR				<u>\$ 24,148,405</u>

See Accompanying Notes

RIPON AREA PUBLIC SCHOOLS

Balance Sheet
Governmental Funds
As of June 30, 2021

	General	Long-term Capital Improvement	Other Governmental Funds	Total
ASSETS				
Cash and Investments	\$ 6,890,744	\$ 1,241,757	\$ 1,237,317	\$ 9,369,818
Receivables:				
Taxes	1,691,501	-	-	1,691,501
Accounts	73,176	-	3,970	77,146
Due from State Government	258,073	-	-	258,073
Due from Federal Government	275,728	-	149,356	425,084
Due from Other Government	365	-	-	365
Due from Other Fund	-	886,376	-	886,376
Prepaid Items	3,682	-	2,188	5,870
TOTAL ASSETS	<u>\$ 9,193,269</u>	<u>\$ 2,128,133</u>	<u>\$ 1,392,831</u>	<u>\$ 12,714,233</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 81,560	\$ -	\$ 142,522	\$ 224,082
Accrued Liabilities				
Payroll, Payroll Taxes, Insurance	1,906,651	-	-	1,906,651
Due to Other Fund	886,376	-	-	886,376
Due to Other Government	-	-	2,645	2,645
Deposits Payable	-	-	28,443	28,443
Unearned Revenue	5,055	-	-	5,055
Total Liabilities	<u>2,879,642</u>	<u>-</u>	<u>173,610</u>	<u>3,053,252</u>
Fund Balances				
Nonspendable:				
Prepaid Items	3,682	-	2,188	5,870
Restricted				
Food Service	-	-	202,225	202,225
Debt Service	-	-	326,457	326,457
Capital Projects	-	2,128,133	-	2,128,133
Community Service Funds	-	-	327,345	327,345
Unspent Common School Funds	127	-	-	127
Assigned				
Health Reimbursement Account	520,923	-	-	520,923
Fundraising - Special Revenue Trust	-	-	361,006	361,006
Unassigned	5,788,895	-	-	5,788,895
Total Fund Balances	<u>6,313,627</u>	<u>2,128,133</u>	<u>1,219,221</u>	<u>9,660,981</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,193,269</u>	<u>\$ 2,128,133</u>	<u>\$ 1,392,831</u>	<u>\$ 12,714,233</u>

RIPON AREA PUBLIC SCHOOLS

Reconciliation of the Balance Sheet - Governmental Funds to the District-Wide Statement of Net Position
As of June 30, 2021

Total Fund Balances - Governmental Funds		\$ 9,660,981
 <i>Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:</i>		
 Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Amounts reported in the statement of net position:		
Capital Asset	55,917,620	
Accumulated Depreciation	<u>(18,455,216)</u>	37,462,404
 Net pension asset is not usable in the current period therefore not reported in the fund financial statements.		
		3,970,852
 Post-employment benefits asset is not usable in the current period therefore not reported in the fund financial statements.		
		1,530
 Some Deferred Outflows and Inflows of Resources Reflect Changes in Long-term Assets or Liabilities are not Reported in the Funds.		
Deferred Outflows of Resources Related to Pension - Cost-Sharing Plan	6,314,231	
Deferred Inflows of Resources Related to Pension - Cost-Sharing Plan	(8,709,355)	
Deferred Outflows of Resources Related to OPEB - Cost-Sharing Plan	661,574	
Deferred Inflows of Resources Related to OPEB - Cost-Sharing Plan	(207,669)	
Deferred Outflows of Resources Related to OPEB - Single-Employer Plan	63,289	
Deferred Inflows of Resources Related to OPEB - Single-Employer Plan	<u>(430,346)</u>	(2,308,276)
 Certain liabilities, including bonds and notes payable, are not due in the current period and therefore are not reported in the fund statements. Liabilities reported in the statement of net position that are not reported in the funds balance sheet:		
General Obligations	(22,405,000)	
Accrued Interest on General Obligation Debt	(149,776)	
Compensated Absences	(458,847)	
Other Post-Employment Benefits	<u>(1,625,463)</u>	<u>(24,639,086)</u>
Total Net Position - Governmental Activities		<u><u>\$ 24,148,405</u></u>

RIPON AREA PUBLIC SCHOOLS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Long-term Capital Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 4,036,485	\$ -	\$ 2,388,557	\$ 6,425,042
Other Local Sources	435,773	2,600	327,305	765,678
Interdistrict Sources	4,066,293	-	-	4,066,293
Intermediate Sources	67,932	-	-	67,932
State Sources	14,062,187	-	18,842	14,081,029
Federal Sources	1,051,706	-	950,250	2,001,956
Other Sources	84,364	-	-	84,364
Total Revenues	<u>23,804,740</u>	<u>2,600</u>	<u>3,684,954</u>	<u>27,492,294</u>
EXPENDITURES				
Instruction				
Regular Instruction	9,394,752	-	61,424	9,456,176
Vocational Instruction	538,884	-	20,000	558,884
Physical Instruction	404,105	-	-	404,105
Gifted and Talented	69,627	-	-	69,627
Special Instruction	2,070,640	-	-	2,070,640
Other Instruction	236,406	-	2,253	238,659
Other Special Needs	104,235	-	-	104,235
Total Instruction	<u>12,818,649</u>	<u>-</u>	<u>83,677</u>	<u>12,902,326</u>
Support Services				
Pupil Services	1,081,125	-	73	1,081,198
Instructional Staff Services	1,126,925	-	-	1,126,925
General Administration Services	465,322	-	3,091	468,413
School Building Administration Services	1,216,712	-	55,368	1,272,080
Business Services	391,879	-	6,219	398,098
Operations and Maintenance	1,936,108	-	167,086	2,103,194
Pupil Transportation	672,367	-	3,777	676,144
Central Services	553,607	-	91,418	645,025
Food Services	-	-	888,651	888,651
Other Business Administration	97,376	-	-	97,376
Other Support Services	424,046	-	3,352	427,398
Other Special Needs	-	-	4,700	4,700
Insurance	140,710	-	-	140,710
Community Services	-	-	98,195	98,195
Debt Service				
Principal	-	-	1,865,000	1,865,000
Interest and fiscal charges	-	-	680,510	680,510
Total Support Services	<u>8,106,177</u>	<u>-</u>	<u>3,867,440</u>	<u>11,973,617</u>
Non-Program Transactions				
General Tuition Payments	1,054,928	-	-	1,054,928
Non-Program Payments	278,552	-	-	278,552
Voucher Payments	86,230	-	-	86,230
Adjustments and Refunds	-	-	3,605	3,605
Total Non-Program Transactions	<u>1,419,710</u>	<u>-</u>	<u>3,605</u>	<u>1,423,315</u>
Total Expenditures	<u>22,344,536</u>	<u>-</u>	<u>3,954,722</u>	<u>26,299,258</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,460,204</u>	<u>2,600</u>	<u>(269,768)</u>	<u>1,193,036</u>
OTHER FINANCING SOURCES (USES)				
Transfer from Other Fund	-	886,376	372,826	1,259,202
Transfer to Other Funds	(1,259,202)	-	-	(1,259,202)
Total Other Financing Sources (Uses)	<u>(1,259,202)</u>	<u>886,376</u>	<u>372,826</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	201,002	888,976	103,058	1,193,036
FUND BALANCES - BEGINNING OF YEAR - RESTATED	6,112,625	1,239,157	1,116,163	8,467,945
FUND BALANCES - END OF YEAR	<u>\$ 6,313,627</u>	<u>\$ 2,128,133</u>	<u>\$ 1,219,221</u>	<u>\$ 9,660,981</u>

RIPON AREA PUBLIC SCHOOLS
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds to the District-Wide Statement of Activities
 For the Year Ended June 30, 2021

Net change in Fund Balances - Total Governmental Funds		\$ 1,193,036
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
The acquisition of capital assets is reported in the governmental funds 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 expense in the statement of activities.		
Capital outlay reported in governmental fund statements	157,305	
Depreciation expense reported in the statement of activities	(1,261,672)	
Loss on disposal of capital assets	(47,712)	
Amount by which capital outlays are more than depreciation in the current period.		(1,152,079)
Amounts related to the pension plan benefits that affect the statement of activities but do not affect the fund financial statements.		1,185,769
Amounts related to the other post-employment benefits that affect the statement of activities but do not affect the fund financial statements.		(179,954)
Vested employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.		
Compensated absences benefits paid in current year	108,569	
Compensated absences benefits earned in current year	(97,301)	
Amounts paid are more than amounts earned by		11,268
Repayment of principal on long-term debt is reported in the governmental funds as an expenditure but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities. The amount of the long-term debt principal payments in the current year is:		
Bonds and notes payable		1,865,000
In governmental funds interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as incurred.		
The amount of interest paid during the current period	680,510	
The amount of interest accrued during the current period	(708,837)	
Interest paid is less than interest accrued by:		(28,327)
Change in Net Position - Governmental Activities		\$ 2,894,713

RIPON AREA PUBLIC SCHOOLS

Statement of Net Position

Fiduciary Funds

As of June 30, 2021

	<u>Employee Benefit Trust</u>
ASSETS	
Cash and Investments	\$ 1,412,502
Accounts Receivable	49,597
Total Assets	<u>1,462,099</u>
LIABILITIES	
Accounts Payable	<u>61,942</u>
NET POSITION	
Restricted	<u>\$ 1,400,157</u>

See Accompanying Notes

RIPON AREA PUBLIC SCHOOLS
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

	<u>Employee Benefit Trust</u>
ADDITIONS	
Interest	\$ 191,845
Other Sources	49,597
Total Additions	<u>241,442</u>
DEDUCTIONS	
Payments from Employee-Benefit Trust	<u>67,193</u>
CHANGE IN NET POSITION	174,249
NET POSITION - BEGINNING	<u>1,225,908</u>
NET POSITION - ENDING	<u><u>\$ 1,400,157</u></u>

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies

This summary of significant accounting policies of Ripon Area School District (District) is presented to assist in understanding the District's financial statements. The financial statements and notes are representations of the District's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles (GAAP) and have been consistently applied in the preparation of the financial statements.

The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the District are discussed below.

Nature of Operations

The District is organized as a common school district. The District, governed by a nine-member elected school board, operates grades Pre-K through 12 and is comprised of all or part of eleven taxing districts.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity nor does it have any component units.

The financial reporting entity consists of (a) organizations for which the stand-alone government is financially accountable and (b) the stand-alone government that is controlled by a separately elected governing body that is legally separate and is fiscally independent. All of the accounts of the District comprise the stand-alone government.

District-Wide Financial Statements

The District-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

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

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. The District has no internal service funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

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

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

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental funds combined.
- c. In addition, any other governmental that the District believes is particularly important to financial statement users may be reported as a major fund.

Governmental Funds

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

General Fund

The general fund is the primary operating fund of the District. It is used to account for all financial resources of the District except those required to be accounted for in another fund.

Special Revenue Fund

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

Debt Service Fund

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

Capital Projects Fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital expenditures.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Governmental Funds (Continued)

Fiduciary Funds

Employee Benefit Trust

This fund is used to account for resources held in trust for formally established post-employment benefit plans.

Major Funds

The District reports the following major governmental funds:

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

Long-term Capital Improvement Fund - This fund accounts for the resources accumulated for future capital project needs.

Nonmajor Funds

The District reports the following nonmajor funds:

Special Revenue Trust Fund - This fund accounts for funds from private gifts, donations from private parties and student activity funds.

Community Service Fund - This fund accounts for activities serving the community that are funded by property taxes and fees.

Food Service Fund – This fund accounts for the activities associated with the District's hot lunch program.

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.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and deferred outflows of resources and liabilities and deferred inflows of resources). The basis of accounting indicates the timing of transactions or events for recognition in the financial report.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

The district-wide and employee benefits trust 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. 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.

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

Cash and Investments

The District's cash and investments are combined on the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Cash balances for individual funds are pooled unless maintained in segregated accounts.

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled-investment fund administered by the State Investment Board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States, and the local government pooled-investment fund.

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.

Receivables

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

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Property Taxes

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 by the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the twentieth of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2020 tax levy is used to finance operations of the District’s fiscal year ended June 30, 2021. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

Prepaid Expenses

Prepaid expenses are payments made to vendors that will benefit periods beyond the end of the current fiscal year.

Interfund Activity

In the process of aggregating the financial information for the district-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund activity, if any, within and among the governmental categories is reported as follows in the fund financial statements:

- Interfund transfer – Flow of assets from one fund to another where repayment is not expected, are reported as transfers in and out.

District-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the district-wide financial statements as follows:

- Internal activities – Amounts reported as interfund transfers and due from/to other funds in the governmental fund financial statements are eliminated in the district-wide statement of activities and statement of net position.

Capital Assets

Capital assets are reported at actual or estimated historical cost, based on appraisals conducted by an independent third-party professional appraisal firm. Donated assets are reported at acquisition value at the time received.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Capitalization thresholds (the dollar valued above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows: assets with an initial individual cost of \$5,000 or higher and an estimated useful life in excess of one year. All depreciable capital assets are depreciated on a straight-line basis over the following estimated useful lives:

Assets	Years
Land improvements	15 - 30
Buildings and improvements	20 - 50
Machinery and equipment	5 - 20

All depreciation expense was charged to unallocated depreciation.

Unearned Revenue

The district-wide statement of net position and the governmental funds balance sheet report unearned revenue and therefore defer revenue recognition in connection with resources that have been received, but not yet earned. When revenue recognition criteria are met, unearned revenue is reduced, as applicable, and income is recognized.

Compensated Absences

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

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the period the debt is issued. Principal payments are recorded against the liability and interest payments are recorded as a current expense.

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

Deferred Outflows/Deferred Inflows of Resources

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

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Pension and Other Post-Employment Benefits

Pensions

Wisconsin Retirement System

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

Other Post-Employment Benefits (OPEB)

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Single-employer Defined Postemployment Benefit Plan

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Claims and Judgments

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

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Equity Classifications

District-Wide Statements

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and unspent bond proceeds.
- b. Restricted net position – Consist of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Financial Statements

Fund balance is classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned:

Nonspendable fund balance represents amounts that cannot be spent due to form (such as inventories and prepaid amounts), or amounts that must be maintained intact legally or contractually (such as the principal of a permanent fund).

Restricted fund balance represents amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.

Committed fund balance represents amounts constrained for a specific purpose by a government using its highest level of decision making authority. It would require action by the same group to remove or change the constraints placed on the resources. The action to constrain resources must occur prior to year end; however, the amount can be determined in the subsequent period. The School Board is the decision making authority that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance.

Assigned fund balance in the general fund represents amounts constrained by the School Board for a specific intended purpose. The District has not delegated that authority to the District’s management. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance.

Unassigned fund balance represents amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.

The District, unless otherwise required by law or agreements, spends funds in the following order: restricted first, then committed, then assigned, and lastly unassigned.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 1 – Summary of Significant Accounting Policies (Continued)

Fund Equity Classifications (Continued)

Minimum General Fund Balance Policy

The District has also adopted a targeted unassigned general fund balance policy of 22% of the anticipated General Fund expenditure budget. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Budgeted 2021-2022 General Fund Expenditures	\$	22,321,800
Minimum Fund Balance Percent		(x) 22%
Minimum Fund Balance Amount	\$	<u>4,910,796</u>

The District's unassigned General Fund balance of \$5,788,895 is above the targeted fund balance amount.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results may differ from these estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the COVID-19 control responses, and such differences may be material.

Note 2 – Cash and Investments

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

The District is authorized to invest its funds in accordance with Wisconsin Statutes. Allowable investments are as follows:

- Time deposits in any credit union, bank, savings bank or trust company maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, village, town, or school district of the state. Also, bonds issued by a local exposition district, local professional baseball park district, local professional football stadium district, local cultural arts district or by the University of Wisconsin Hospitals and Clinics.
- Bonds or securities guaranteed by the U.S. Government.
- The Local Government Pooled Investment Fund and the Wisconsin Investment Trust.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.

Additional restrictions could arise from local charters, ordinances, resolutions and grant resolutions of the District.

At June 30, 2021 the bank balance of cash was \$9,813,615. The District maintains its cash accounts at two financial institutions. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 2 – Cash and Investments (Continued)

Deposits in each bank are insured by the FDIC up to \$250,000 for the combined amounts of all time and savings accounts (including NOW accounts) and up to \$250,000 for the combined amount of all interest and non-interest bearing demand deposit accounts.

Any losses caused by failure of public depositories are also covered by the State Deposit Guarantee Fund. The fund provides coverage of \$400,000 in each financial institution above the applicable insurance coverage provided by the FDIC. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. The State Guarantee Fund has not been considered in the table below as insured deposits.

As of June 30, 2021 the District had the following deposits:

Fully Insured Deposits	\$	717,180
Collateralized with securities held by the pledging financial institution in the District's name		9,018,761
Uninsured		77,674
Total	\$	<u>9,813,615</u>

For all deposits and investments shown, the market value at the balance sheet date is substantially the same as the carrying value. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. None of the District's investments investment's are rated.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. At June 30, 2021, the District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% of more of total District investments.

Interest Rate Risk

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

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 2 – Cash and Investments (Continued)

Interest Rate Risk (Continued)

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

	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Money Market Funds	\$ 30,840	\$ 30,840	\$ -	\$ -	\$ -
Fixed Income Exchange Funds	682,261	682,261	-	-	-
WISC Investments					
Limited Term Duration	99,157	99,157	-	-	-
Totals	<u>\$ 812,258</u>	<u>\$ 812,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$99,157 at year-end consisting of \$99,157 invested in the Limited Term Series Investments. The Limited Term Series investments feature a fixed rate of return and a fixed maturity date.

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

The Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. Participants in the LGIP have the right to withdraw their funds in total on one day’s notice. Investments in the local government investment pool are not insured. Investments in the LGIP are valued at amortized cost. The balance in the local government investment pool at December 31, 2021 was \$3,433.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 2 – Cash and Investments (Continued)

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of June 30, 2021:

	Level 1	Level 2	Level 3	Totals
Money Market Funds	\$ -	\$ 30,840	\$ -	\$ 30,840
Fixed Income Exchange Funds	-	682,261	-	682,261
Equity Exchange Funds	-	761,779	-	761,779
Totals	<u>\$ -</u>	<u>\$ 1,474,880</u>	<u>\$ -</u>	<u>\$ 1,474,880</u>

Note 3 – Interfund Receivables and Payables

Interfund receivables and payables between individual funds of the District as reported in the fund financial statements as of June 30, 2021 are detailed below:

Payable Fund	Receivable Fund	Amount	Purpose
General Fund	Long-Term Capital Improvement	\$ 886,376	Year End Cash Flow Timing

Interfund transfers between individual funds of the District as reported in the fund financial statements for the year ended June 30, 2021 are detailed below:

Fund Transferred To:	Fund Transferred From:	Amount	Purpose
Long-Term Capital Improvement	General Fund	\$ 886,376	Future Capital Needs
Debt Service	General Fund	372,826	Debt Service Payments
		<u>\$ 1,259,202</u>	

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 4 – Capital Assets

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, Nondepreciable:				
Land	\$ 541,158	\$ -	\$ -	\$ 541,158
Capital Assets, Depreciable				
Land Improvements	1,534,618	91,790	-	1,626,408
Buildings and Improvements	51,152,835	7,680	-	51,160,515
Machinery and Equipment	2,879,705	57,835	(348,001)	2,589,539
Total Capital Assets, Depreciable	<u>55,567,158</u>	<u>157,305</u>	<u>(348,001)</u>	<u>55,376,462</u>
Less Accumulated Depreciation for				
Land Improvements	(808,599)	(46,650)	-	(855,249)
Buildings and Improvements	(14,156,345)	(1,136,417)	-	(15,292,762)
Machinery and Equipment	(2,528,889)	(78,605)	300,289	(2,307,205)
Total Accumulated Depreciation	<u>(17,493,833)</u>	<u>(1,261,672)</u>	<u>300,289</u>	<u>(18,455,216)</u>
Total Capital Assets, Depreciable, Net	<u>38,073,325</u>	<u>(1,104,367)</u>	<u>(47,712)</u>	<u>36,921,246</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 38,614,483</u>	<u>\$ (1,104,367)</u>	<u>\$ (47,712)</u>	<u>\$ 37,462,404</u>

Governmental activities depreciation expense for fiscal year ended June 30, 2021 amounted to \$1,261,672 and was unallocated.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 5 – Long-Term Obligations

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
General Obligations					
General Obligation					
Bonds	\$ 24,270,000	\$ -	\$ 1,865,000	\$ 22,405,000	\$ 1,400,000
Compensated Absences	470,115	97,301	108,569	458,847	45,885
OPEB Liability - LRLIF	1,267,064	358,399	-	1,625,463	-
Other Post Employment Benefits	123,015	-	123,015	-	-
Total Governmental Activities Long-Term Liabilities	<u>\$ 26,130,194</u>	<u>\$ 455,700</u>	<u>\$ 2,096,584</u>	<u>\$ 24,489,310</u>	<u>\$ 1,445,885</u>

Total interest paid on long-term debt for the year ended June 30, 2021 was \$680,510.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2021, is comprised of the following individual issues:

	<u>Original Issuance</u>	<u>Issue Dates</u>	<u>Interest Rate</u>	<u>Dates of Maturity</u>	<u>Balances 06/30/21</u>
General obligation bonds	\$ 10,000,000	12/30/14	2.00 - 3.50%	09/01/34	\$ 6,835,000
General obligation bonds	10,000,000	03/02/15	2.00 - 3.50%	09/01/35	7,840,000
General obligation bonds	10,000,000	01/19/16	2.00 - 3.00%	09/01/35	7,730,000
Total					<u>\$ 22,405,000</u>

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2021 was \$57,310,842.

Equalized valuation of the District	\$ 795,391,607
Statutory limitation percentage	10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>79,539,161</u>
Total outstanding general obligation debt applicable to debt limitation	\$ 22,405,000
Less: Amounts available for financing general obligation debt	
Debt service fund net of accrued interest	<u>176,681</u>
Net outstanding general obligation debt applicable to debt limitation	<u>22,228,319</u>
Legal margin for new debt	<u>\$ 57,310,842</u>

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 5 – Long-Term Obligations (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2021 follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,400,000	\$ 635,978	\$ 2,035,978
2023	1,430,000	603,628	2,033,628
2024	1,475,000	570,578	2,045,578
2025	1,505,000	534,253	2,039,253
2026	1,445,000	499,278	1,944,278
2027-2031	7,890,000	1,895,300	9,785,300
2032-2035	7,260,000	601,760	7,861,760
Total	<u>\$ 22,405,000</u>	<u>\$ 5,340,775</u>	<u>\$ 27,745,775</u>

Note 6 – Defined Benefit Pension Plans

Wisconsin Retirement System

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, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>

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

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

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

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 6 – Defined Benefit Pension Plans (Continued)

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

The WRS also provides death and disability benefits for employees.

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

<u>Year</u>	<u>Core Fund Adjustment (%)</u>	<u>Variable Fund Adjustment (%)</u>
2011	(1.2)%	11
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21

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

During the reporting period, the WRS recognized \$763,091 in contributions from the employer.

Contribution rates as of June 30, 2021 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers, executives, and elected officials)	6.75%	6.75%

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 6 – Defined Benefit Pension Plans (Continued)

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

At June 30, 2021, the District reported an asset of \$3,970,852 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.06360346%, which was a decrease of 0.001019440% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized a reduction of pension expense of \$421,510.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual experiences	\$5,747,042	\$1,237,902
Changes of actuarial assumptions	90,066	-
Net difference between projected and actual investment earnings on pension plan investment	-	7,454,951
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,338	16,502
Employer contributions subsequent to the measurement date	468,785	-
Total	<u><u>\$6,314,231</u></u>	<u><u>\$8,709,355</u></u>

RIPON AREA PUBLIC SCHOOLS
Notes to the Financial Statements
June 30, 2021

Note 6 – Defined Benefit Pension Plans (Continued)

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

The \$468,785 reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net pension liability (asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Net Deferred (Inflow)s of Resources</u>
2022	\$ (733,532)
2023	(202,850)
2024	(1,354,699)
2025	(572,828)
	<u>\$ (2,863,909)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2019
Measurement date of net pension liability (asset)	December 31, 2020
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value
Long-term expected rate of return	7.0%
Discount rate	7.0%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table
Post-retirement adjustments*	1.9%

** No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.9% 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 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 actuarial valuation.

RIPON AREA PUBLIC SCHOOLS
Notes to the Financial Statements
June 30, 2021

Note 6 – Defined Benefit Pension Plans (Continued)

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:

Asset Allocation Targets and Expected Returns as of December 31, 2020

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
Global Equities	51.0%	7.2%	4.7%
Fixed Income	25.0	3.2	0.8
Inflation Sensitive Assets	16.0	2.0	(0.4)
Real Estate	8.0	5.6	3.1
Private Equity/Debt	11.0	10.2	7.6
Multi-Asset	4.0	5.8	3.3
Total Core Fund	115.0	6.6	4.1
 <u>Variable Fund Asset Class</u>			
U.S. Equities	70.0%	6.6%	4.1%
International Equities	30.0	7.4	4.9
Total Variable Fund	100.0	7.1	4.6

New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.4%

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

Single Discount Rate. A single discount rate of 7.00% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (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, 2020. 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 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 6 – Defined Benefit Pension Plans (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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease to Discount Rate (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase to Discount Rate (8.0%)</u>
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,779,701	\$ (3,970,852)	\$ (9,663,575)

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 is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. The amount due to WRS as of June 30, 2021 is \$27,225 for June payroll.

Note 7 – Post-Employment Benefits Other than Pension Benefits

Single-employer Defined Postemployment Benefit Plan

Plan Description. The Plan is a single-employer defined benefit postemployment health plan that covers retired employees of the District and their spouses. Eligible retired employees have access to group medical coverage through the District’s group plan. District paid medical benefits are paid for as indicated below. All employees of the District are eligible for the Plan if they meet the following age and service requirements below.

Employees Covered by Benefit Terms. At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees	224
	236
	236

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)

Net OPEB Liability (Asset)

Total OPEB Liability - Ending (a)	\$ 1,224,378
Plan Fiduciary Net Position - Ending (b)	1,225,908
District's Net OPEB Asset - Ending (a) - (b)	<u>\$ (1,530)</u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	 100.12%

Contributions and Benefits

Teachers: to be eligible for benefits, teachers must be at least 55 years of age with a minimum of 15 years of service and be eligible for retirement under the WRS. Upon retirement, any monies resulting from unused sick days will be converted at a specific rate based on years of service at retirement. These monies are placed into an HRA and are to be used for coverage under the District's group medical plan until their exhaustion.

Administrators: to be eligible, administrators must be at least age 55 with a minimum of 5 years for full-time service.

For administrators hired prior to July 1, 2005, the District will contribute 88% of the medical premiums on behalf of the retiree for a period of 5 years but not to exceed Medicare eligibility.

For administrators hired on or after July 1, 2005, the District's contributions shall be frozen at 88% of the premium amount in effect at retirement. Additionally, implicit rate subsidy resulting from eligible retirees receiving a sick leave benefit which may be used towards continued medical coverage until its exhaustion.

Management personnel: to be eligible, management personnel must be at least age 55 with a minimum of 10 years of full-time service.

For management personnel hired prior to July 1, 2005, the District will contribute 88% of the medical premiums on behalf of the retiree for a period of 5 years but not to exceed Medicare eligibility.

For management personnel hired on or after July 1, 2005 the District's contributions shall be frozen at 88% of the premium amount in effect at retirement. Additionally, implicit rate subsidy resulting from eligible retirees receiving a sick leave benefit which may be used towards continued medical coverage until its exhaustion.

Aids, custodians and clerical: to be eligible for benefits, retirees that are under these categories must be at least 55 years of age with a minimum of 15 years of service and be eligible for retirement under WRS. Upon retirement, any monies resulting from unused sick days will be converted at a specified rate based on years of service at retirement. These monies are placed into an HRA and are to be used for coverage under the District's group medical plan until their exhaustion.

Net OPEB Asset. The District's net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2020.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)

Actuarial Assumptions. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation:	2.00%
Salary increases:	3.00%
Investment rate of return:	4.00%
Healthcare cost trend rates:	6.50% decreasing by 0.10% per year down to 5.0%, and level thereafter

Mortality rates are the same as those used in the December 2018 Wisconsin Retirement Systems' annual report.

The actuarial assumptions used in the June 30, 2020 valuation were based on the "Wisconsin Retirement System 2015-2017 Experience Study".

The long-term expected rate of return on OPEB plan investments was valued at 4.0%. A blend of expected earnings on District funds and the current yield for 20 year tax-exempt AA Municipal bond rate or high as of the measurement date was used for all years of benefit payments.

Discount Rate. The discount rate used to measure the total OPEB liability was 4.0%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Asset

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balances at 7/1/20	\$ 1,304,066	\$ 1,181,051	\$ 123,015
Changes for the year:			
Service Cost	101,324	-	101,324
Interest	46,247	-	46,247
Differences Between Expected and Actual Experience	(38,342)	-	(38,342)
Changes of Assumptions or Other Input	(122,133)	-	(122,133)
Contributions - Employer	-	51,249	(51,249)
Net Investment Income	-	60,392	(60,392)
Benefit Payments	(66,784)	(66,784)	-
Net Changes	<u>(79,688)</u>	<u>44,857</u>	<u>(124,545)</u>
Balances at 6/30/21	<u>\$ 1,224,378</u>	<u>\$ 1,225,908</u>	<u>\$ (1,530)</u>

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate. The following presents the District's net OPEB liability calculated using the discount rate of 4.00 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	\$ 1,291,530	\$ 1,224,378	\$ 1,159,434
Fiduciary Net Position	1,225,908	1,225,908	1,225,908
Net OPEB Asset	\$ 65,622	\$ (1,530)	\$ (66,474)

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rates. The following presents the District's net OPEB liability calculated using the current healthcare cost trend rate of 6.50 percent decreasing to 5.00 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent decreasing to 4.0 percent) or 1-percentage-point higher (7.50% decreasing to 6.0 percent) than the current rate:

	1% Decrease (5.50% 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	\$ 1,146,248	\$ 1,224,378	\$ 1,313,283
Fiduciary Net Position	1,225,908	1,225,908	1,225,908
Net OPEB Asset	\$ (79,660)	\$ (1,530)	\$ 87,375

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is available on pages 10-11.

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of \$39,404. At June 30, 2020, the District reported deferred outflows and inflows of resources related to OPEB from the following source:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 226,106
Changes of assumptions or other input	13,692	150,507
Net difference between projected and actual earnings on OPEB plan investments	-	53,733
District contributions subsequent to the measurement date	49,597	-
Total	\$ 63,289	\$ 430,346

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)

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

Year ending June 30,	Net Deferred (Inflows) of Resources
2021	\$ (67,104)
2022	(57,083)
2023	(52,618)
2024	(46,180)
2025	(42,313)
Thereafter	(151,356)
	\$ (416,654)

Local Retiree Life Insurance Fund

General Information About the OPEB Plan

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

OPEB Plan Fiduciary Net Position. ETF issues a standalone Comprehensive Annual Financial Report (CAFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

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

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

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

Contribution rates as of June 30, 2021 are:

Coverage Type	Employee
50% Post Retirement Coverage	40% of Member Contribution
25% Post Retirement Coverage	20% of Member Contribution

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2020 are as listed below:

Life Insurance Member Contribution Rates *

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

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

During the reporting period, the LRLIF recognized \$6,169 in contributions from the District.

OPEB Liabilities, OPEB Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

At June 30, 2021, the District reported a liability of \$1,625,463 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.2955000%, which was a decrease of 0.0020590% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$196,135.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 77,560
Net difference between projected and actual earnings on OPEB plan investments	23,665	-
Changes of assumptions or other input	632,328	111,529
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,554	18,580
Employer contributions subsequent to the measurement date	4,027	-
Total	<u>\$ 661,574</u>	<u>\$ 207,669</u>

The \$4,027 reported as deferred outflows related to OPEB resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	\$ 84,630
2023	82,071
2024	79,435
2025	71,270
2026	90,521
2027	40,213
2028	1,738
	<u>\$ 449,878</u>

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)

Actuarial Assumptions. The total OPEB liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability:	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total OPEB liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the January 1, 2020 actuarial valuation.

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

Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2020

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Barclays Credit	50%	1.47%
U.S. Mortgages	Barclays MBS	50	0.82
Inflation			2.20
Long-Term Expected Rate of Return			4.25

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 7 – Post-Employment Benefits Other than Pension Benefits (Continued)

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.20% respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

Single Discount Rate. A single discount rate of 2.25% was used to measure the total OPEB Liability for the current year, as opposed to a discount rate of 2.87% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.74% as of December 31, 2019 to 2.12% as of December 31, 2020. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate.

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 2.25 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<u>1% Decrease to Discount Rate (1.25%)</u>	<u>Current Discount Rate (2.25%)</u>	<u>1% Increase to Discount Rate (3.25%)</u>
District's proportionate share of the net OPEB liability	\$ 2,211,095	\$ 1,625,463	\$ 1,182,567

Payables to the OPEB Plan. The District is required to remit the monthly required contribution for both the employee and District portions by the last day of the following month. There was no amount due to WRS for Life Insurance Benefits as of June 30, 2021.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 8 – Fund Equity

District-Wide Statements

Net position of the governmental activities reported on the district-wide statement of net position at June 30, 2021 includes the following:

Net Investment in Capital Assets	
Net Capital Assets	\$ 37,462,404
Less: Related Long-Term Debt Outstanding	<u>(22,405,000)</u>
Net Investment in Capital Assets	<u>15,057,404</u>
Restricted for	
Pension Benefits	1,575,728
Food Service	202,225
Future Debt Service	326,457
Capital Projects	2,128,133
Community Service Fund	327,345
Common School Funds	127
Total Restricted	<u>4,560,015</u>
Unrestricted	<u>4,530,986</u>
Total District-Wide Net Position	<u><u>\$ 24,148,405</u></u>

Note 9 – Dental Self-Insurance

As of August 1, 2015, the District implemented a self-funded dental insurance plan. At June 30, 2021, the District has determined that any reported liability is immaterial to the financial statements and elected not to record a liability. The liability represents reported and unreported claims which were incurred on or before June 30, 2021, but were not paid by the District as of that date.

	<u>Beginning-of- Fiscal Year Liability</u>		<u>Current-Year Claims and Changes in Estimates</u>		<u>Claim Payments</u>		<u>Balance at Fiscal Year- End</u>
2020 - 2021	\$ -		\$ 169,929		\$ 169,929		\$ -

Note 10 – 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 has been 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 a referendum prior to August 12, 1993.
- A referendum on or after August 12, 1993.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 11 – Contingencies

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

From time to time the District is involved in legal actions and claims, most of which normally occur in governmental operations. In the opinion of District management, these issues, and any other proceedings known to exist at June 30, 2021, are not likely to have a material adverse impact on the District's financial position.

Note 12 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health claims; unemployment compensation claims; and natural disasters. The District insures through commercial insurance companies for all risks of loss. Settled claims from these risks have not exceeded insurance coverage in the past three fiscal years.

Note 13 – Restatement of Beginning Net Position and Fund Balance

It was determined that the District's liability account was overstated at June 30, 2020, along with accounts receivable being understated. This error was corrected during 2021.

Government Wide Net Position

Net Position - June 30, 2020 (as Previously Reported)	\$ 21,309,718
To remove liabilities from District's financial statements	3,974
To eliminate receivable from District's financial statements	<u>(60,000)</u>
Net Position - As Restated June 30, 2020	<u>\$ 21,253,692</u>

Special Revenue Trust Fund

Fund Balance - June 30, 2020 (as Previously Reported)	\$ 441,793
To remove liabilities from District's financial statements	3,974
To eliminate receivable from District's financial statements	<u>(60,000)</u>
Fund Balance - As Restated June 30, 2020	<u>\$ 385,767</u>

The effect on the change in the Special Revenue Trust Fund's net change in fund balance for the year ended June 30, 2020 would have been a decrease of \$56,026; the effect of the change on Governmental Activities' change in net position for the year ended June 30, 2020 would have been a decrease of \$56,026.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2021

Note 14 – Upcoming Accounting Pronouncement

GASB Statement No. 87, Leases

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The pronouncement will be effective for year ending June 30, 2022.

The District is evaluating the impact these standards will have on the financial statements when adopted.

REQUIRED SUPPLEMENTARY INFORMATION

RIPON AREA PUBLIC SCHOOLS

Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset)
Wisconsin Retirement System (WRS)
Last 10 Fiscal Years*

WRS Fiscal Year End Date**	District's Proportion of the Net Pension Asset/Liability	District's Proportionate Share of the Net Pension (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2020	0.06360346%	\$ (3,970,852)	\$ 10,553,129	37.63%	105.26%
12/31/2019	0.06462290%	(2,083,737)	10,008,813	20.82%	102.96%
12/31/2018	0.06616806%	2,354,052	10,015,760	-23.50%	96.45%
12/31/2017	0.06753656%	(2,005,240)	9,841,348	-20.38%	102.93%
12/31/2016	0.06938399%	571,890	9,707,672	-5.89%	99.12%
12/31/2015	0.07146993%	1,161,372	9,835,685	11.81%	98.20%
12/31/2014	0.07340394%	(1,802,506)	10,036,208	-17.96%	102.74%

Schedule of Employer Contributions
Wisconsin Retirement System (WRS)

District Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2021	\$ 763,091	\$ 763,091	\$ -	\$ 11,305,056	6.75%
6/30/2020	679,676	679,676	-	10,187,982	6.67%
6/30/2019	655,577	655,577	-	9,861,461	6.65%
6/30/2018	671,055	671,055	-	10,071,645	6.66%
6/30/2017	669,281	669,281	-	9,747,637	6.87%
6/30/2016	640,706	640,706	-	9,681,428	6.62%
6/30/2015	668,827	668,827	-	9,707,672	6.89%

*Ten years of information will be accumulated and presented beginning with the Districts fiscal year ended June 30, 2015.

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

RIPON AREA PUBLIC SCHOOLS

Schedule of Employer's Proportionate Share of the Net OPEB Liability
Local Retiree Life Insurance Fund
Last 10 Fiscal Years*

WRS Fiscal Year End Date**	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/2020	0.29550000%	\$ 1,625,463	\$ 8,038,000	20.22%	31.36%
12/31/2019	0.29755900%	1,267,064	7,420,000	17.08%	37.58%
12/31/2018	0.30204900%	779,388	7,436,000	10.48%	48.69%
12/31/2017	0.30410800%	914,933	12,788,611	7.15%	44.81%

Schedule of Employer Contributions
Local Retiree Life Insurance Fund
Last 10 Fiscal Years*

District Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/2021	\$ 6,169	\$ 6,169	\$ -	\$ 7,984,000	0.077%
6/30/2020	5,892	5,892	-	7,356,000	0.080%
6/30/2019	5,379	5,379	-	7,284,000	0.074%
6/30/2018	5,819	5,819	-	7,296,000	0.080%

*Ten years of information will be accumulated and presented beginning with the Districts fiscal year ended June 30, 2018.

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

RIPON AREA PUBLIC SCHOOLS

Schedule of Changes in Net OPEB Liability (Asset) Fiduciary Net Position, and Related Ratios
Other Post-Employment Benefits
Last 10 Measurement Years*

	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 101,324	\$ 94,638	\$ 87,169	\$ 93,528	\$ 79,839
Interest	46,247	46,540	48,518	39,593	31,910
Changes of Benefit Terms	-	-	62,286	-	179,249
Differences Between Expected and Actual Experience	(38,342)	-	(262,968)	-	-
Changes of Assumptions or Other Input	(122,133)	16,734	(23,133)	(35,597)	-
Benefit Payments	(66,784)	(95,189)	(26,331)	(29,451)	(54,050)
Net Change in Total OPEB Liability	(79,688)	62,723	(114,459)	68,073	236,948
Total OPEB Liability - Beginning	1,304,066	1,241,343	1,355,802	1,287,729	1,050,781
Total OPEB Liability - Ending (a)	\$ 1,224,378	\$ 1,304,066	\$ 1,241,343	\$ 1,355,802	\$ 1,287,729
Fiduciary Net Position					
Contributions - Employer	\$ 51,249	\$ 70,024	\$ -	\$ 61,808	\$ 65,129
Net Investment Income	60,392	74,180	60,301	80,144	7,079
Benefit Payments	(66,784)	(95,189)	(26,331)	(29,451)	(54,050)
Administrative Expense	-	-	-	-	-
Net Change in Fiduciary Net Position	44,857	49,015	33,970	112,501	18,158
Fiduciary Net Position - Beginning	1,181,051	1,132,036	1,098,066	985,565	967,407
Fiduciary Net Position - Ending (b)	\$ 1,225,908	\$ 1,181,051	\$ 1,132,036	\$ 1,098,066	\$ 985,565
Net OPEB Liability (Asset) (a) - (b)	\$ (1,530)	\$ 123,015	\$ 109,307	\$ 257,736	\$ 302,164
Fiduciary Net Position as a Percentage of the Total OPEB Liability	100.12%	90.57%	91.19%	80.99%	76.54%
Covered-Employee Payroll	\$ 10,616,587	\$ 9,439,255	\$ 9,439,255	\$ 6,574,663	\$ 6,574,663
Net OPEB Liability as a Percentage of Covered-Employee Payroll	-0.01%	1.30%	1.16%	3.92%	4.60%
Annual Money-Weighted Rate of Return, Net of Investment Expenses	5.02%	6.41%	5.41%	7.69%	0.72%

*Ten years of data will be accumulated beginning with 2017.

RIPON AREA PUBLIC SCHOOLS

Schedule of Employer Contributions - Other Post-Employment Benefits
Last 10 Measurement Years*

	2021	2020	2019	2018	2017
Actuarially Determined Contribution	\$ 105,449	\$ 102,378	\$ 87,650	\$ 85,097	\$ 61,808
Contributions in Relation to the Actuarially Determined Contribution	51,249	70,024	-	61,808	65,129
Contribution Deficiency (Excess)	\$ 54,200	\$ 32,354	\$ 87,650	\$ 23,289	\$ (3,321)
Covered-Employee Payroll	\$ 10,616,587	\$ 9,439,255	\$ 9,439,255	\$ 6,574,663	\$ 6,574,663
Contributions as a percentage of Covered-Employee Payroll	0.48%	0.74%	0.00%	0.94%	0.99%

Key Methods and Assumptions Used to Calculate ADC

Actuarial Cost Method	Entry Age Normal				
Asset Valuation Method	Market Value				
Amortization Method	30 year Level %				
Discount Rate	3.75%	3.75%	3.00%	3.00%	5.00%
Inflation	2.50%	2.50%	2.50%	2.50%	3.00%
Valuation Date	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	July 1, 2014

RIPON AREA PUBLIC SCHOOLS

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Budgeted Amounts	
	Original	Final
REVENUES		
Property Taxes	\$ 4,036,485	\$ 4,036,485
Other Local Sources	56,520	80,223
Interdistrict Sources	3,833,912	4,025,193
Intermediate Sources	2,200	4,308
State Sources	13,429,246	13,444,885
Federal Sources	1,073,891	1,077,366
Other Sources	21,632	48,774
Total Revenues	22,453,886	22,717,233
EXPENDITURES		
Instruction		
Regular Instruction	9,844,082	9,768,447
Vocational Instruction	542,266	541,670
Physical Instruction	415,416	414,799
Gifted and Talented	72,419	72,419
Other Instruction	241,061	250,357
Other Special Needs	104,131	104,131
Total Instruction	11,219,377	11,151,824
Support Services		
Pupil Services	809,712	850,075
Instructional Staff Services	1,255,176	1,179,591
General Administration Services	515,325	524,379
School Building Administration Services	1,178,575	1,183,890
Business Administration	430,598	434,563
Operations and Maintenance	1,869,561	1,916,412
Pupil Transportation	661,872	523,512
Central Services	641,413	556,972
Other Business Administration	74,000	74,000
Other Support Services	269,059	298,595
Insurance	190,116	190,116
Total Support Services	7,895,406	7,732,104
Non-Program Transactions		
General Tuition Payments	1,035,650	1,117,550
Voucher Payments	86,230	86,230
Adjustments and Refunds	10,000	10,000
Total Non-Program Transactions	1,131,880	1,213,780
Total Expenditures	20,246,663	20,097,708
EXCESS OF REVENUES OVER EXPENDITURES	2,207,223	2,619,525
OTHER FINANCING USE		
Transfer to Other Funds	(2,206,403)	(2,419,526)
NET CHANGE IN FUND BALANCE	820	200,000
FUND BALANCE - BEGINNING OF YEAR	6,112,625	6,112,625
FUND BALANCE - END OF YEAR	\$ 6,113,445	\$ 6,312,625

See Accompanying Notes to Required Supplementary Information

Actual Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
\$ 4,036,485	\$ -
435,773	355,550
4,066,293	41,100
11,545	7,237
13,475,008	30,123
564,869	(512,497)
84,364	35,590
<u>22,674,337</u>	<u>(42,896)</u>
9,394,752	373,695
538,884	2,786
404,105	10,694
69,627	2,792
236,406	13,951
104,235	(104)
<u>10,748,009</u>	<u>403,815</u>
864,868	(14,793)
969,228	210,363
465,322	59,057
1,216,712	(32,822)
391,879	42,684
1,929,608	(13,196)
466,984	56,528
553,099	3,873
97,376	(23,376)
418,131	(119,536)
140,710	49,406
<u>7,513,917</u>	<u>218,187</u>
1,054,928	62,622
86,230	-
-	10,000
<u>1,141,158</u>	<u>72,622</u>
19,403,084	694,624
3,271,253	651,728
<u>(3,070,251)</u>	<u>(650,725)</u>
201,002	1,002
6,112,625	-
<u>\$ 6,313,627</u>	<u>\$ 1,002</u>

See Accompanying Notes to Required Supplementary Information

RIPON AREA PUBLIC SCHOOLS
Notes to the Required Supplementary Information
June 30, 2021

Budgets and Budgetary Accounting

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes 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:

- a. Based upon requests from district staff, district administration recommends budget proposals to the school board.
- b. The school board reviews a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- c. Pursuant to a public budget hearing, the school board may make alterations to the proposed budget.
- d. 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.

Basis of Accounting

The budget is prepared on the same modified accrual basis of accounting as applied to the governmental funds in the basic 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. There is a reconciliation to the statement of revenues, expenditures and changes in fund balances provided as part of the notes to the required supplementary information.

Excess of Actual Expenditures Over Budget

The following funds had an excess of actual expenditures over budget for the year ended June 30, 2021:

Individual Function	Excess Expenditures
General Fund:	
Other Special Needs	\$ 104
Pupil Services	14,793
School Building Administration Services	32,822
Operations and Maintenance	13,196
Other Business Administration	23,376
Other Support Services	119,536
Special Education Fund:	
Instructional Staff Services	1,954

RIPON AREA PUBLIC SCHOOLS
Notes to Required Supplementary Information - Continued
For the Year Ended June 30, 2021

Budget-to-Actual Reconciliation

An explanation of the differences between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	General Fund
Sources/Inflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Revenues" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 22,674,337
Differences – Budget to GAAP:	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	1,130,403
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Funds	\$ 23,804,740
Uses/Outflows of Resources:	
Actual Amounts (Budgetary Basis) "Total Expenditures and Other Financing Use" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 22,473,335
Differences – Budget to GAAP:	
The Special Education Fund was Budgeted Separately but does not Meet the Definition of a Special Revenue Fund and was Combined with the General Fund	2,941,452
The Transfer to the Special Education Fund is Eliminated because it is Considered to be Part of the General Fund.	(1,811,049)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$ 23,603,738

RIPON AREA PUBLIC SCHOOLS
Notes to Required Supplementary Information - Continued
June 30, 2021

Defined Benefit Pension Plan - WRS

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

Changes of assumptions. No significant change in assumptions from the prior year were noted.

Post-Employment Benefits Other Than Pension Benefits

Changes of benefit terms. There were no changes of benefit terms for the District's single-employer plan providing health insurance benefits to retirees.

Changes of assumptions. As of the measurement date of June 30, 2020, the discount rate was changed from 3.50 percent to 4.00 percent.

Post-Employment Benefits Other Than Pension Benefits - LRLIF

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

Changes of assumptions. The Single Discount Rate assumption used to develop the Total OPEB Liability changed from the prior year. Please refer to the Actuarial Assumptions section above for additional detail.

SUPPLEMENTARY INFORMATION

RIPON AREA PUBLIC SCHOOLS

Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2021

	Special Revenue Trust	Food Service
	<u> </u>	<u> </u>
ASSETS		
Cash and Investments	\$ 361,006	\$ 219,426
Accounts Receivable	-	3,846
Due from Federal Government	-	149,356
Prepaid Expenses	-	-
Total Assets	<u><u>\$ 361,006</u></u>	<u><u>\$ 372,628</u></u>
LIABILITIES		
Accounts Payable	\$ -	\$ 139,315
Due to Other Governments	-	2,645
Deposits Payable	-	28,443
Total Liabilities	<u><u>-</u></u>	<u><u>170,403</u></u>
FUND BALANCES		
Nonspendable:		
Prepaid Expenses	-	-
Restricted	-	202,225
Assigned	361,006	-
Total Fund Balances	<u><u>361,006</u></u>	<u><u>202,225</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 361,006</u></u>	<u><u>\$ 372,628</u></u>

Community Service	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 330,428	\$ 326,457	\$ 1,237,317
124	-	3,970
-	-	149,356
2,188	-	2,188
<u>\$ 332,740</u>	<u>\$ 326,457</u>	<u>\$ 1,392,831</u>
\$ 3,207	\$ -	\$ 142,522
-	-	2,645
-	-	28,443
<u>3,207</u>	<u>-</u>	<u>173,610</u>
2,188	-	2,188
327,345	326,457	856,027
-	-	361,006
<u>329,533</u>	<u>326,457</u>	<u>1,219,221</u>
<u>\$ 332,740</u>	<u>\$ 326,457</u>	<u>\$ 1,392,831</u>

RIPON AREA PUBLIC SCHOOLS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Special Revenue Trust	Food Service
REVENUES		
Property Taxes	\$ -	\$ -
Other Local Sources	259,803	35,818
State Sources	-	18,842
Federal Sources	-	950,250
Total Revenues	<u>259,803</u>	<u>1,004,910</u>
EXPENDITURES		
Instruction:		
General Instruction	61,424	-
Vocational Instruction	20,000	-
Other Instruction	2,253	-
Total Instruction	<u>83,677</u>	<u>-</u>
Support Services:		
Pupil Services	73	-
General Administration Services	-	-
School Building Administration Services	-	-
Business Services	-	6,219
Operations and Maintenance	106,709	7,225
Pupil Transportation	1,079	-
Central Services	88,326	237
Food Services	-	888,651
Other Support Services	-	3,352
Other Special Needs	4,700	-
Community Services	-	-
Debt Service		
Principal	-	-
Interest and Fiscal Charges	-	-
Non-Program Transactions	-	3,605
Total Support Services	<u>200,887</u>	<u>909,289</u>
Total Expenditures	<u>284,564</u>	<u>909,289</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(24,761)</u>	<u>95,621</u>
OTHER FINANCING SOURCE		
Transfer from General Fund	-	-
NET CHANGES IN FUND BALANCES	(24,761)	95,621
FUND BALANCES - BEGINNING OF YEAR - AS RESTATED	<u>385,767</u>	<u>106,604</u>
FUND BALANCES - END OF YEAR	<u>\$ 361,006</u>	<u>\$ 202,225</u>

Community Service	Debt Service Fund	Total
\$ 251,272	\$ 2,137,285	\$ 2,388,557
29,563	2,121	327,305
-	-	18,842
-	-	950,250
<u>280,835</u>	<u>2,139,406</u>	<u>3,684,954</u>
-	-	61,424
-	-	20,000
-	-	2,253
-	-	<u>83,677</u>
-	-	73
3,091	-	3,091
55,368	-	55,368
-	-	6,219
53,152	-	167,086
2,698	-	3,777
2,855	-	91,418
-	-	888,651
-	-	3,352
-	-	4,700
98,195	-	98,195
-	1,865,000	1,865,000
-	680,510	680,510
-	-	3,605
<u>215,359</u>	<u>2,545,510</u>	<u>3,871,045</u>
<u>215,359</u>	<u>2,545,510</u>	<u>3,954,722</u>
<u>65,476</u>	<u>(406,104)</u>	<u>(269,768)</u>
-	372,826	372,826
65,476	(33,278)	103,058
<u>264,057</u>	<u>359,735</u>	<u>1,116,163</u>
<u>\$ 329,533</u>	<u>\$ 326,457</u>	<u>\$ 1,219,221</u>

RIPON AREA PUBLIC SCHOOLS

Combining Schedule of Internal General and Special Education Funds - Balance Sheet
As of June 30, 2021

	General	Special Education	Eliminations	Total General Fund
ASSETS				
Cash and Investments	\$ 6,890,744	\$ -	\$ -	\$ 6,890,744
Receivables:				
Taxes	1,691,501	-	-	1,691,501
Accounts	65,052	8,124	-	73,176
Due from State Government	258,073	-	-	258,073
Due from Federal Government	170,397	105,331	-	275,728
Due from Other Government	365	-	-	365
Due from Other Fund	101,254	-	(101,254)	-
Prepaid Expenses	3,682	-	-	3,682
TOTAL ASSETS	\$ 9,181,068	\$ 113,455	\$ (101,254)	\$ 9,193,269
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 69,359	\$ 12,201	\$ -	\$ 81,560
Accrued Liabilities				
Payroll, Payroll Taxes, Insurance	1,906,651	-	-	1,906,651
Deferred Revenue	5,055	-	-	5,055
Due to Other Funds	886,376	101,254	(101,254)	886,376
Total Liabilities	2,867,441	113,455	(101,254)	2,879,642
FUND BALANCES				
Nonspendable:				
Prepaid Expenses	3,682	-	-	3,682
Restricted	127	-	-	127
Assigned	520,923	-	-	520,923
Unassigned	5,788,895	-	-	5,788,895
Total Fund Balances	6,313,627	-	-	6,313,627
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,181,068	\$ 113,455	\$ (101,254)	\$ 9,193,269

RIPON AREA PUBLIC SCHOOLS

Combining Schedule of Internal General and Special Education Funds -
Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	<u>General</u>	<u>Special Education</u>	<u>Total General Fund</u>
REVENUES			
Property Taxes	\$ 4,036,485	\$ -	\$ 4,036,485
Other Local Sources	435,773	-	435,773
Interdistrict Sources	4,066,293	-	4,066,293
Intermediate Sources	11,545	56,387	67,932
State Sources	13,475,008	587,179	14,062,187
Federal Sources	564,869	486,837	1,051,706
Other Sources	84,364	-	84,364
Total Revenues	<u>22,674,337</u>	<u>1,130,403</u>	<u>23,804,740</u>
EXPENDITURES			
Instruction			
Regular Instruction	9,394,752	-	9,394,752
Vocational Instruction	538,884	-	538,884
Physical Instruction	404,105	-	404,105
Special Instruction	-	2,070,640	2,070,640
Other Instruction	236,406	-	236,406
Other Special Needs	104,235	-	104,235
Gifted and Talented	69,627	-	69,627
Total Instruction	<u>10,748,009</u>	<u>2,070,640</u>	<u>12,818,649</u>
Support Services			
Pupil Services	864,868	216,257	1,081,125
Instructional Staff Services	969,228	157,697	1,126,925
General Administration Services	465,322	-	465,322
School Building Administration Services	1,216,712	-	1,216,712
Business Services	391,879	-	391,879
Operations and Maintenance	1,929,608	6,500	1,936,108
Pupil Transportation	466,984	205,383	672,367
Central Services	553,099	508	553,607
Other Business Administration	97,376	-	97,376
Insurance	140,710	-	140,710
Other Support Services	418,131	5,915	424,046
Total Support Services	<u>7,513,917</u>	<u>592,260</u>	<u>8,106,177</u>
Non-Program Transactions			
General Tuition Payments	1,054,928	-	1,054,928
Non-Program Payments	-	278,552	278,552
Voucher Payments	86,230	-	86,230
Total Non-Program Transactions	<u>1,141,158</u>	<u>278,552</u>	<u>1,419,710</u>
Total Expenditures	<u>19,403,084</u>	<u>2,941,452</u>	<u>22,344,536</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,271,253</u>	<u>(1,811,049)</u>	<u>1,460,204</u>
OTHER FINANCING SOURCES (USES)			
Transfer from Other Funds	-	1,811,049	1,811,049
Transfer to Other Funds	(3,070,251)	-	(3,070,251)
Total Other Financing Sources (Uses)	<u>(3,070,251)</u>	<u>1,811,049</u>	<u>(1,259,202)</u>
NET CHANGES IN FUND BALANCES	201,002	-	201,002
FUND BALANCES - BEGINNING OF YEAR	<u>6,112,625</u>	<u>-</u>	<u>6,112,625</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,313,627</u>	<u>\$ -</u>	<u>\$ 6,313,627</u>

SCHOOL DISTRICT OF RIPON
 Schedule of Charter School Authorizer Operating Costs
 Catalyst Charter School
 For the Year Ended June 30, 2021

<u>Operating Activity</u>	<u>WUFAR Object Code</u>	<u>Cost</u>
Employee Salaries	100	\$ 3,763
Employee Benefits	200	1,084
		<u>\$ 4,847</u>

Note: These costs include 1.0% of the salary and fringe expenses paid for the superintendent, curriculum director, and business manager.

SCHOOL DISTRICT OF RIPON
 Schedule of Charter School Authorizer Operating Costs
 Journey Charter School
 For the Year Ended June 30, 2021

<u>Operating Activity</u>	<u>WUFAR Object Code</u>	<u>Cost</u>
Employee Salaries	100	\$ 3,763
Employee Benefits	200	1,084
		<u>\$ 4,847</u>

Note: These costs include 1.0% of the salary and fringe expenses paid for the superintendent, curriculum director, and business manager.

SCHOOL DISTRICT OF RIPON
 Schedule of Charter School Authorizer Operating Costs
 Barlow Park Charter School
 For the Year Ended June 30, 2021

Operating Activity	WUFAR Object Code	Cost
Employee Salaries	100	\$ 3,763
Employee Benefits	200	1,084
		\$ 4,847

Note: These costs include 1.0% of the salary and fringe expenses paid for the superintendent, curriculum director, and business manager.

SCHOOL DISTRICT OF RIPON
 Schedule of Charter School Authorizer Operating Costs
 Quest Charter School
 For the Year Ended June 30, 2021

<u>Operating Activity</u>	<u>WUFAR Object Code</u>	<u>Cost</u>
Employee Salaries	100	\$ 3,763
Employee Benefits	200	1,084
		<u>\$ 4,847</u>

Note: These costs include 1.0% of the salary and fringe expenses paid for the superintendent, curriculum director, and business manager.

SCHOOL DISTRICT OF RIPON
 Schedule of Charter School Authorizer Operating Costs
 Odyssey Academy of Virtual Learning Charter School
 For the Year Ended June 30, 2021

Operating Activity	WUFAR Object Code	Cost
Employee Salaries	100	\$ 3,763
Employee Benefits	200	1,084
		\$ 4,847

Note: These costs include 1.0% of the salary and fringe expenses paid for the superintendent, curriculum director, and business manager.

ADDITIONAL REPORTS

Independent Auditor' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Education
Ripon Area School District
Ripon, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ripon Area School District (District) as of and for the year ended June 30, 2021, 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 21, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2021-001 and 2021-002 to be significant deficiencies.

To the Board of Education
Ripon Area School District

Compliance and Other Matters

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

Ripon Area School District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying *schedule of findings and questioned costs* and *corrective action plan*. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
November 21, 2021

Independent Auditors' Report on Compliance for Each Major Federal and State Program and on Internal Control Over Compliance Required by Uniform Guidance, State Single Audit Guidelines and the *Wisconsin Department of Public Instruction*

To the Board of Education
Ripon Area School District
Ripon, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited Ripon Area School District's (District) compliance with the types of compliance requirements described in Uniform Guidance Compliance Supplement, State Single Audit Guidelines and the *Wisconsin Department of Public Instruction Audit Manual* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2021. The District's major federal and state programs are identified in the accompanying summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, *State Single Audit Guidelines* and *Wisconsin Public School District Audit Manual*. Those standards, Uniform Guidance and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal and state programs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Ripon Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021.

To the Board of Education
Ripon Area School District

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance, State Single Audit Guidelines and the *Wisconsin Public School District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

KerberRose SC

KerberRose SC
Certified Public Accountants
Shawano, Wisconsin
November 21, 2021

FEDERAL AND STATE AWARDS SECTION

RIPON AREA PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Grantor Agency/Federal Program Title	Assistance Listing Number (ALN)	Pass-Through Agency	Pass-Through Number	(Accrued) Deferred Revenue	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2021	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>CHILD NUTRITION CLUSTER</i>								
Area Eligible Snack Program	10.555	WI DPI	2021-204872-DPI-NSLAE-566	\$ -	\$ 10,742	\$ 1,801	\$ 12,543	\$ -
Donated Commodities 2020-21	10.555	WI DPI	2021-024872-DPI-NSL-547	-	44,830	-	44,830	-
Special Milk Program	10.556	WI DPI	2021-204872-DPI-SMP-548	-	537	77	614	-
<i>Total National School Lunch Program</i>				-	56,109	1,878	57,987	-
Summer Food Service Program - COVID-19	10.559	WI DPI	2020-204872-DPI-SFSP-586	(59,202)	59,202	-	-	-
Summer Food Service Program - COVID-19	10.559	WI DPI	2021-204872-DPI-SFSP-566	-	744,784	147,479	892,263	-
<i>Total Summer Food Service Program</i>				(59,202)	803,986	147,479	892,263	-
Total U.S. Department of Agriculture and Child Nutrition Cluster				(59,202)	860,095	149,357	950,250	-
U.S. DEPARTMENT OF EDUCATION								
<i>Title I Grants to Local Educational Agencies</i>								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2020-204872-TIA-141	(57,471)	57,471	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2021-204872-DPI-TIA-141	-	105,286	78,952	184,238	-
<i>Total Title I Grants to Local Educational Agencies</i>				(57,471)	162,757	78,952	184,238	-
<i>SPECIAL EDUCATION CLUSTER</i>								
Special Education Grants to States	84.027	WI DPI	2020-204872-IDEA-FT-341	(64,391)	64,391	-	-	-
Special Education Grants to States	84.027	WI DPI	2021-204872-DPI-IDEA-FT-341	-	269,931	88,901	358,832	-
Special Education Preschool Grants	84.173	WI DPI	2021-204872-DPI-IDEA-P-347	-	10,447	-	10,447	-
<i>Total Special Education Cluster</i>				(64,391)	344,769	88,901	369,279	-
Career and Technical Education - Basic Grants to States	84.048	CESA	2021-204872-DPI-CTE-400	-	7,092	-	7,092	-
English Language Acquisition State Grants	84.65	CESA	2021-204872-DPI-TW-391	-	4,453	-	4,453	-
Improving Teacher Quality State Grants	84.367	WI DPI	2020-204872-TIIA-365	(1,909)	1,909	-	-	-
Improving Teacher Quality State Grants	84.367	WI DPI	2021-204872-DPI-TIIA-365	-	9,309	31,845	41,154	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2020-204872-TIVA-381	(19,607)	19,607	-	-	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2021-204872-DPI-TIV-A-381	-	9,386	4,933	14,319	-
Education Stabilization Fund	84.425	WI DPI	2021-204872-DPI-ESSERF-160	-	155,277	-	155,277	-
21st Century Learning Centers	87.287	WI DPI	2020-204872-CLC-367	(53,993)	53,993	-	-	-
21st Century Learning Centers	87.287	WI DPI	2021-204872-DPI-T-IV-B-367	-	58,262	39,360	97,622	-
Total U.S. Department of Education				(197,371)	826,814	243,991	873,434	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
<i>Medical Cluster</i>								
Medical Assistance Program	93.778	WI DHS	Not Available	-	173,387	16,430	189,817	-
TOTAL FEDERAL ASSISTANCE				\$ (256,573)	\$ 1,860,296	\$ 409,778	\$ 2,013,501	\$ -
Reconciliation to the basic financial statements:								
Governmental Funds								
Federal Sources							2,001,956	
Intermediate Sources							11,545	
Total expenditures of federal awards							\$ 2,013,501	

The accompanying notes are an integral part of this schedule.

RIPON AREA PUBLIC SCHOOLS
Schedule of State Financial Assistance
For the Year Ended June 30, 2021

Awarding Agency/ Awarding Description/ Pass-Through Agency	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued)		Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2021	Total Expenditures	Subrecipient Payments
				Deferred Revenue 7/1/2020	Deferred Revenue 6/30/2021				
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION									
Special Education and School Age Parents	255.101	Direct Program	204872-100	\$ -	\$ -	\$ 573,125	\$ -	\$ 573,125	\$ -
State School Lunch Aid	255.102	Direct Program	204872-107	-	-	5,645	-	5,645	-
Common School Fund Library Aid	255.103	Direct Program	204872-104	-	-	66,731	-	66,731	-
General Transportation Aid	255.107	Direct Program	204872-102	-	-	25,442	-	25,442	-
WI School Day Milk Program	225.115	Direct Program	204872-109	-	-	10,355	-	10,355	-
Equalization Aids	255.201	Direct Program	204872-116	(183,942)	-	12,014,581	189,931	12,020,570	-
High Cost Special Education Aid	225.210	Direct Program	204872-119	-	-	14,054	-	14,054	-
Supplemental Per Pupil Aid	255.245	Direct Program	204872-181	-	-	4,725	-	4,725	-
School Based Mental Health Services	255.297	Direct Program	204872-177	(23,911)	-	83,210	28,669	87,968	-
State School Breakfast Aid SSBFA	255.344	Direct Program	204872-108	-	-	2,842	-	2,842	-
Early College Credit Program	255.445	Direct Program	204872-178	-	-	3,778	-	3,778	-
Educator Effective Evaluation System	255.940	Direct Program	204872-154	-	-	10,560	-	10,560	-
Per Pupil Aid	255.945	Direct Program	204872-113	-	-	1,153,810	-	1,153,810	-
Career and Technical Education Incentive Grants	255.950	Direct Program	204872-171	-	-	22,334	-	22,334	-
Assessments of Reading Readiness	255.956	Direct Program	204872-166	-	-	4,041	-	4,041	-
Total Wisconsin Department of Public Instruction				(207,853)	-	13,995,233	218,600	14,005,980	-
CESA #6									
Special Education and School Age Parents	255.101	CESA	Not Available	-	-	56,387	-	56,387	-
WISCONSIN DEPARTMENT OF JUSTICE									
School Safety Grant	455.206	Direct Program	2020-SSI-01-204782	(2,256)	-	2,256	-	-	-
School Safety Grant	455.206	Direct Program	2019-SSI-01-204872	(1,326)	-	1,326	-	-	-
Total Wisconsin Department of Justice				(3,582)	-	3,582	-	-	-
TOTAL STATE PROGRAMS				\$ (211,435)	\$ 14,055,202	\$ 218,600	\$ 14,062,367	\$ 14,062,367	\$ -

Reconciliation to the basic financial statements:

Governmental Funds	
State sources	14,081,029
Intermediate sources	56,387
Less: State sources not considered state financial assistance	(65,454)
State tax exempt aid	(9,465)
Payment in lieu of taxes and other revenues	(130)
Medical reimbursements	
Total expenditures of state awards	<u>14,062,367</u>

RIPON AREA SCHOOL DISTRICT

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2021

Note 1 – Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Ripon Area School District under programs of the federal and state governments for the year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *State Single Audit Guidelines*. Because the schedules present only a select portion of operations of the District, they are not intended to, and do not, present the financial position and change in net position of the District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Ripon Area School District has not elected to use the 10 percent *de minimis* indirect cost rate as allowable under the Uniform Guidance.

Note 3 – Special Education and School Age Parents Program

2020 - 2021 eligible costs under the State Special Education Program are \$2,284,949.

Note 4 – Oversight Agencies

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

RIPON AREA SCHOOL DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued	Unmodified
Internal control over financial reporting	
Material weakness identified?	No
Significant deficiency identified?	Yes
Noncompliance material to the financial statements?	No

Federal Awards

Internal control over major programs	
Material weakness identified?	None Reported
Significant deficiency identified?	None Reported
Type of auditors’ report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

ALN	Name of Federal Program
	<i>Child Nutrition Cluster</i>
10.555	National School Lunch Program
10.556	Special Milk Program
10.559	Summer Food Service Program

Dollar threshold used to distinguish between Type A and Type B Programs

\$750,000

Auditee qualified as a low-risk auditee?

Yes

State Awards

Internal control over major programs	
Material weakness identified?	None Reported
Significant deficiency identified?	None Reported
Type of auditors’ 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 or the Wisconsin Department of Public Instruction Audit Manual?	No

Identification of major state programs:

State I.D. Number	Name of State Program
255.201	General Equalization
255.945	Per Pupil Aid
255.107	Pupil Transportation

RIPON AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Continued
For the Year Ended June 30, 2021

Section II - Financial Statement Findings

Finding No.

2021-001

Lack of Segregation of Duties

Prior Year Audit Finding:

2020-001

Condition:

During our audit, we noted that several of the accounting functions are performed by a few individuals. Specifically this lack of segregation of duties exists in the areas of cash receipts and payroll

Criteria:

Board of Education and management are responsible for establishing and maintaining internal controls over financial reporting to prevent misstatements in their financial reporting.

Cause:

Limited staff is available to properly segregate duties.

Effect:

Because of the lack of segregation of duties, unauthorized transactions or misstatements as a result of errors could occur.

Recommendation:

We recognize that the District is not large enough to make the employment of additional persons for the purpose of segregation of duties practical from a financial standpoint. Therefore, the Board of Education should rely on its direct knowledge of the District's operations and thoroughly review financial reports to control and safeguard assets and insure accurate financial reporting.

Management's Response:

The District is aware of the lack of segregation of duties caused by the limited size of its staff and therefore, agrees with this finding. The District will continue to improve the segregation of duties wherever possible and will continue to have the Board of Education's involvement in the review and approval process as much as is practical.

Responsible Officials:

Jonah Adams, Business Manager

Anticipated Completion

Date:

This finding may not completely resolve itself given the cost/benefit basis of the decision the District continues to make.

RIPON AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Continued
For the Year Ended June 30, 2021

Section II - Financial Statement Finding, Continued

Finding No.

2021-002

Financial Reporting

**Prior Year
Audit Finding:**

2020-002

Condition:

During our audit, we noted that the internal control system does not include a process for preparing the annual audited financial statements and the related disclosures in accordance with GAAP.

Criteria:

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, change in net position, and disclosures in the financial statements, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

Cause:

Management does not have the training and expertise to prepare the financial statements in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

Effect:

Although the auditors are preparing the financial statements and related footnotes, management of the District thoroughly reviews them and accepts responsibility for their completeness and accuracy.

Recommendation:

We recommend that management continues to make this decision on a cost/benefit basis.

**Management's
Response:**

Due to limited staffing the District will continue to contract with an outside audit firm to complete the statements. Management reviews the financial statements and compares to the District's financial records for completeness and accuracy and accepts responsibility for those financial statements.

**Responsible
Official:**

Jonah Adams, Business Manager

**Anticipated
Completion Date:**

This finding will not completely resolve itself given the cost/benefit basis the District continues to make.

RIPON AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Continued
For the Year Ended June 30, 2021

Section III - Federal Award Findings

There were no findings for federal awards.

Section IV - State Award Findings

There were no findings for state awards.

RIPON AREA SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2021

Financial Statement Finding

2020-001 – Lack of Segregation of Duties – See corrective action plan for finding 2021-001.

2020-002 – Financial Reporting – See corrective action plan for finding 2021-002.



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Financial Statement Findings – Corrective Action Plan

2021-001 – Lack of Segregation of Duties – The District has evaluated the cost/benefit of hiring additional support staff to achieve proper separation of duties, and at this point it is not possible due to budget constraints.

Responsible Official – Jonah Adams – Business Manager

Anticipated Completion Date – This finding will not completely resolve given the cost/benefit basis the District continues to make.

2021-002 – Financial Reporting – The District has evaluated the cost/benefit of outsourcing the task of preparing the financial statements to an external accountant. It would be cost prohibitive to hire additional staff to outsource the task to an outside accountant. However, management of the District has obtains the necessary skills, knowledge, and experience to accept responsibility for preparation of the District's financial statements.

Responsible Official – Jonah Adams – Business Manager

Anticipated Completion Date – This finding will not completely resolve given the cost/benefit basis the District continues to make.

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