

RIPON AREA PUBLIC SCHOOLS

Annual Financial Report

June 30, 2022

 KerberRose

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RIPON AREA PUBLIC SCHOOLS

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ripon Area School District as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

To the Board of Education
Ripon Area School District

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules of employer's proportionate share of the net pension liability (asset) and employer contributions – Wisconsin Retirement System, schedules of employer's proportionate share of the net OPEB liability and employer contributions – Local Retiree Life Insurance Fund, schedule of changes in net OPEB liability (asset), fiduciary net position, and related ratios – other post-employment benefits, schedule of employer contributions – other post-employment benefits and schedule of revenues, expenditures and changes in fund balance – budget and actual – general fund on pages 42 through 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

To the Board of Education
Ripon Area School District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ripon Area School District's financial statements. The combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balances – nonmajor governmental funds, and the combining schedules of internal general and special education funds 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 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 governmental fund financial statements, combining schedules of internal general and special education funds, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises of the schedules of charter school authorizer operating costs but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KerberRose SC

KerberRose SC
Certified Public Accountants
Appleton, Wisconsin
December 3, 2022

FINANCIAL STATEMENTS

RIPON AREA PUBLIC SCHOOLS
District-Wide Statement of Net Position
As of June 30, 2022

	Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 10,750,004
Receivables:	
Taxes	1,478,023
Accounts	81,757
Due from Other Governments	63,188
Due from State Government	59,430
Due from Federal Government	392,770
Prepaid Expenses	11,964
Total Current Assets	13,002,211
Noncurrent Assets	
Net Pension Asset	5,177,436
Other Postemployment Benefits - Single Employer Asset	85,288
Capital Assets	
Nondepreciable	541,158
Depreciable, net	35,941,392
Total Noncurrent Assets	41,745,274
TOTAL ASSETS	54,747,485
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pension	9,814,844
Deferred Outflows Related to Other Post-Employment Benefits - Cost Sharing	659,372
Deferred Outflows Related to Other Post-Employment Benefits - Single Employer	133,336
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,607,552
LIABILITIES	
Current Liabilities	
Accounts Payable	396,461
Accrued Interest Payable	140,417
Accrued and Other Current Liabilities	1,956,368
Due to State Government	2,645
Unearned Revenue	1,000
Deposits Payable	25,940
Current Portion of Long-Term Obligations	1,484,868
Total Current Liabilities	4,007,699
Noncurrent Liabilities	
Noncurrent Portion of Long-Term Obligations	20,068,809
Other Postemployment Benefits - Cost Sharing Liability	1,866,826
Total Noncurrent Liabilities	21,935,635
TOTAL LIABILITIES	25,943,334
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pension	12,196,433
Deferred Inflows Related to Other Post-Employment Benefits - Cost Sharing	200,416
Deferred Inflows Related to Other Post-Employment Benefits - Single Employer	476,250
TOTAL DEFERRED INFLOWS OF RESOURCES	12,873,099
NET POSITION	
Net Investment in Capital Assets	15,477,550
Restricted	6,455,426
Unrestricted	4,605,628
TOTAL NET POSITION	\$ 26,538,604

See Accompanying Notes

RIPON AREA PUBLIC SCHOOLS

District-Wide Statement of Activities

For the Year Ended June 30, 2022

	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	\$ 8,969,756	\$ 72,733	\$ 1,527,611	\$ (7,369,412)
Vocational Instruction	524,826	1,242	-	(523,584)
Physical Instruction	399,570	16,215	11,901	(371,454)
Special Instruction	1,934,958	-	1,367,282	(567,676)
Other Instruction	448,302	78,103	-	(370,199)
Total Instruction	<u>12,277,412</u>	<u>168,293</u>	<u>2,906,794</u>	<u>(9,202,325)</u>
Support Services				
Pupil Services	1,089,417	-	592,230	(497,187)
Instructional Staff Services	1,082,671	-	439,356	(643,315)
General Administration Services	556,655	-	-	(556,655)
School Building Administration Services	1,210,816	-	-	(1,210,816)
Business Administration	458,090	-	-	(458,090)
Operations and Maintenance of Plant	1,888,788	-	-	(1,888,788)
Pupil Transportation Services	785,017	-	33,970	(751,047)
Other Business Administration Services	109,675	-	-	(109,675)
Central Services	886,514	-	-	(886,514)
Insurance	127,624	-	-	(127,624)
Other Support Services	391,197	-	-	(391,197)
Food Service	909,700	54,466	1,118,455	263,221
Community Services	291,560	44,670	-	(246,890)
Interest and Fiscal Charges	626,619	-	-	(626,619)
Depreciation - Unallocated	1,304,387	-	-	(1,304,387)
Total Support Services	<u>11,718,730</u>	<u>99,136</u>	<u>2,184,011</u>	<u>(9,435,583)</u>
Non-Program Transactions				
Open Enrollment	1,002,805	-	2,872,200	1,869,395
Non-Open Enrollment	610,188	-	-	(610,188)
Total Non-Program Transactions	<u>1,612,993</u>	<u>-</u>	<u>2,872,200</u>	<u>1,259,207</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 25,609,135</u>	<u>\$ 267,429</u>	<u>\$ 7,963,005</u>	<u>(17,378,701)</u>
GENERAL REVENUES				
Property Taxes				5,955,436
State and Federal Aids not Restricted to Specific Functions:				
Equalization, Exempt Computer Aid and Per Pupil Aid				13,727,200
Interest and Investment Earnings				39,316
Sale of Equipment				27,703
Miscellaneous				19,245
Total General Revenues				<u>19,768,900</u>
CHANGE IN NET POSITION				2,390,199
NET POSITION - BEGINNING OF YEAR				<u>24,148,405</u>
NET POSITION - END OF YEAR				<u>\$ 26,538,604</u>

See Accompanying Notes

RIPON AREA PUBLIC SCHOOLS

Balance Sheet
Governmental Funds
As of June 30, 2022

	<u>General</u>	<u>Long-term Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 6,516,879	\$ 2,561,950	\$ 1,671,175	\$ 10,750,004
Receivables:				
Taxes	1,478,023	-	-	1,478,023
Accounts	75,982	-	5,775	81,757
Due from Other Governments	63,188	-	-	63,188
Due from State Government	59,430	-	-	59,430
Due from Federal Government	352,158	-	40,612	392,770
Prepaid Items	9,776	-	2,188	11,964
TOTAL ASSETS	<u>\$ 8,720,511</u>	<u>\$ 2,561,950</u>	<u>\$ 1,719,750</u>	<u>\$ 13,002,211</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 348,520	\$ -	\$ 47,941	\$ 396,461
Accrued Liabilities	1,956,368	-	-	1,956,368
Due to State Government	-	-	2,645	2,645
Deposits Payable	-	-	25,940	25,940
Unearned Revenue	1,000	-	-	1,000
Total Liabilities	<u>2,305,888</u>	<u>-</u>	<u>76,526</u>	<u>2,382,414</u>
Fund Balances				
Nonspendable:				
Prepaid Items	9,776	-	2,188	11,964
Restricted:				
Food Service	-	-	440,143	440,143
Debt Service	-	-	462,405	462,405
Capital Projects	-	2,561,950	-	2,561,950
Community Service Funds	-	-	329,722	329,722
Unspent Common School Funds	5,776	-	-	5,776
Assigned:				
Health Reimbursement Account	452,131	-	-	452,131
Fundraising - Special Revenue Trust	-	-	408,766	408,766
Unassigned	5,946,940	-	-	5,946,940
Total Fund Balances	<u>6,414,623</u>	<u>2,561,950</u>	<u>1,643,224</u>	<u>10,619,797</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,720,511</u>	<u>\$ 2,561,950</u>	<u>\$ 1,719,750</u>	<u>\$ 13,002,211</u>

RIPON AREA PUBLIC SCHOOLS

Reconciliation of the Balance Sheet - Governmental Funds to the District-Wide Statement of Net Position
As of June 30, 2022

Total Fund Balances - Governmental Funds		\$ 10,619,797
 <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:		
Governmental Capital Asset	56,226,303	
Governmental Accumulated Depreciation	<u>(19,743,753)</u>	36,482,550
Net pension asset is not usable in the current period therefore not reported in the fund financial statements.		
		5,177,436
Post-employment benefits asset is not usable in the current period therefore not reported in the fund financial statements.		
		85,288
Some deferred outflows and inflows of resources reflect changes in long-term assets or liabilities and are not reported in the funds.		
Deferred Outflows of Resources Related to Pension - Cost-Sharing Plan	9,814,844	
Deferred Inflows of Resources Related to Pension - Cost-Sharing Plan	(12,196,433)	
Deferred Outflows of Resources Related to OPEB - Cost-Sharing Plan	659,372	
Deferred Inflows of Resources Related to OPEB - Cost-Sharing Plan	(200,416)	
Deferred Outflows of Resources Related to OPEB - Single-Employer Plan	133,336	
Deferred Inflows of Resources Related to OPEB - Single-Employer Plan	<u>(476,250)</u>	(2,265,547)
Certain liabilities, including bonds and notes payable, are not due in the current period and therefore 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	(21,005,000)	
Compensated Absences	(548,677)	
Accrued Interest on General Obligation Debt	(140,417)	
Other Post-Employment Benefits	<u>(1,866,826)</u>	<u>(23,560,920)</u>
Total Net Position - Governmental Activities		<u><u>\$ 26,538,604</u></u>

RIPON AREA PUBLIC SCHOOLS
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	Long-term Capital Improvement	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 3,534,362	\$ -	\$ 2,421,074	\$ 5,955,436
Other Local Sources	475,478	8,808	612,188	1,096,474
Interdistrict Sources	2,879,635	-	-	2,879,635
Intermediate Sources	73,777	-	-	73,777
State Sources	14,591,812	-	7,269	14,599,081
Federal Sources	2,192,635	-	1,111,186	3,303,821
Other Sources	63,407	-	-	63,407
Total Revenues	<u>23,811,106</u>	<u>8,808</u>	<u>4,151,717</u>	<u>27,971,631</u>
EXPENDITURES				
Instruction				
Regular Instruction	9,374,921	-	97,629	9,472,550
Vocational Instruction	564,068	-	-	564,068
Physical Instruction	430,983	-	-	430,983
Special Instruction	2,088,836	-	-	2,088,836
Other Instruction	451,951	-	18,785	470,736
Total Instruction	<u>12,910,759</u>	<u>-</u>	<u>116,414</u>	<u>13,027,173</u>
Support Services				
Pupil Services	1,150,885	-	-	1,150,885
Instructional Staff Services	1,132,478	-	528	1,133,006
General Administration Services	570,511	-	1,161	571,672
School Building Administration Services	1,255,858	-	-	1,255,858
Business Services	454,826	-	9,138	463,964
Operations and Maintenance	2,228,068	-	47,173	2,275,241
Pupil Transportation	779,239	-	5,965	785,204
Food Services	-	-	909,700	909,700
Other Business Administration Services	109,675	-	-	109,675
Central Services	592,599	-	304,093	896,692
Insurance	127,624	-	-	127,624
Other Support Services	387,289	-	3,908	391,197
Community Services	-	-	293,656	293,656
Debt Service				
Principal	-	-	1,400,000	1,400,000
Interest and Fiscal Charges	-	-	635,978	635,978
Total Support Services	<u>8,789,052</u>	<u>-</u>	<u>3,611,300</u>	<u>12,400,352</u>
Non-Program Transactions				
General Tuition Payments	1,174,622	-	-	1,174,622
Non-Program Payments	355,697	-	-	355,697
Voucher Payments	52,600	-	-	52,600
Adjustments and Refunds	30,074	-	-	30,074
Total Non-Program Transactions	<u>1,612,993</u>	<u>-</u>	<u>-</u>	<u>1,612,993</u>
Total Expenditures	<u>23,312,804</u>	<u>-</u>	<u>3,727,714</u>	<u>27,040,518</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>498,302</u>	<u>8,808</u>	<u>424,003</u>	<u>931,113</u>
OTHER FINANCING SOURCES (USE)				
Sale of Equipment	27,703	-	-	27,703
Transfer from Other Fund	-	425,009	-	425,009
Transfer to Other Fund	(425,009)	-	-	(425,009)
Total Other Financing Sources (Use)	<u>(397,306)</u>	<u>425,009</u>	<u>-</u>	<u>27,703</u>
NET CHANGES IN FUND BALANCES	100,996	433,817	424,003	958,816
FUND BALANCES - BEGINNING OF YEAR	<u>6,313,627</u>	<u>2,128,133</u>	<u>1,219,221</u>	<u>9,660,981</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,414,623</u>	<u>\$ 2,561,950</u>	<u>\$ 1,643,224</u>	<u>\$ 10,619,797</u>

See Accompanying Notes

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, 2022

Net change in Fund Balances - Total Governmental Funds		\$ 958,816
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Amounts related to the pension plan benefits that affect the statement of activities but do not affect the fund financial statements.		1,220,119
Amounts related to the other post-employment benefits that affect the statement of activities but do not affect the fund financial statements.		(128,411)
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	458,847	
Compensated absences benefits earned in current year	(548,677)	
Amounts paid are less than amounts earned by		(89,830)
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 payable		1,400,000
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	635,978	
The amount of interest accrued during the current period	(626,619)	
Interest paid is more than interest accrued by:		9,359
Change in Net Position - Governmental Activities		\$ 2,390,199

RIPON AREA PUBLIC SCHOOLS

Statement of Net Position

Fiduciary Fund

As of June 30, 2022

	Employee Benefit Trust
ASSETS	
Cash and Investments	\$ 1,266,083
Accounts Receivable	121,165
Total Assets	<u>1,387,248</u>
LIABILITIES	
Accounts Payable	<u>74,540</u>
NET POSITION	
Restricted	<u>\$ 1,312,708</u>

See Accompanying Notes

RIPON AREA PUBLIC SCHOOLS
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

	<u>Employee Benefit Trust</u>
ADDITIONS	
Contributions to Employee-Benefit Trust	\$ 121,165
DEDUCTIONS	
Payments from Employee-Benefit Trust	74,540
Loss on Investments	134,074
Total Deductions	<u>208,614</u>
CHANGE IN NET POSITION	(87,449)
NET POSITION - BEGINNING	<u>1,400,157</u>
NET POSITION - ENDING	<u>\$ 1,312,708</u>

See Accompanying Notes

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

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
For the Year Ended June 30, 2022

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
For the Year Ended June 30, 2022

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.

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.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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.

Property Taxes

The aggregate district tax levy is apportioned and certified by November 6th 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.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2021 tax levy is used to finance operations of the District's fiscal year ended June 30, 2022. 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.

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:

<u>Assets</u>	<u>Years</u>
Land Improvements	15 - 30
Buildings and Improvements	20 - 50
Machinery and Equipment	5 - 20

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

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 permits 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.

Leases

The District adopted GASB Statement No. 87 for the year ended June 30, 2022 which 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. There were no material leases that were required to be recorded for the year ended June 30, 2022.

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
For the Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies (Continued)

Pension and Other Post-Employment Benefits

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
For the Year Ended June 30, 2022

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 net of any 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
For the Year Ended June 30, 2022

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 2022-2023 General Fund Expenditures	\$	22,912,366
Reasonable Fund Balance Percent		<u>x 22%</u>
Minimum Fund Balance Amount	\$	<u><u>5,040,721</u></u>

The District's unassigned General Fund balance of \$5,946,940 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.

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 employee benefit 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, 2022 the bank balance of cash was \$11,133,603. 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
For the Year Ended June 30, 2022

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, 2022 the District had the following deposits:

Fully Insured Deposits	\$	639,685
Collateralized with securities held by the pledging financial institution in the District's name		<u>10,493,918</u>
Total	\$	<u>11,133,603</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, 2022, 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
For the Year Ended June 30, 2022

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
Equity Exchange Funds	\$ 669,522	\$ 669,522	\$ -	\$ -	\$ -
Bond Mutual Funds	581,648	581,648	-	-	-
Money Market Funds	14,913	14,913	-	-	-
Totals	<u>\$ 1,266,083</u>	<u>\$ 1,266,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$99,252 at year-end invested in the Limited Duration Investment Funds. The Limited Duration Investment Funds are not subject to interest rate risk.

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 June 30, 2022 was \$3,441.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022:

	Level 1	Level 2	Level 3	Totals
Equity Exchange Funds	\$ -	\$ 669,522	\$ -	\$ 669,522
Bond Mutual Funds	-	581,648	-	581,648
Money Market Funds	-	14,913	-	14,913
Totals	\$ -	\$ 1,266,083	\$ -	\$ 1,266,083

Note 3 – Interfund Transfers

Interfund transfers between individual funds of the District as reported in the fund financial statements for the year ended June 30, 2022 are detailed below:

<u>Fund Transferred To:</u>	<u>Fund Transferred From:</u>	<u>Amount</u>	<u>Purpose</u>
Long-Term Capital Improvement	General Fund	\$ 425,009	Future Capital Needs

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 4 – Capital Assets

Capital asset balances and activity for the year ended June 30, 2022 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	1,626,408			1,626,408
Buildings and Improvements	51,160,515	319,233	-	51,479,748
Machinery and Equipment	2,589,539	5,300	(15,850)	2,578,989
Total Capital Assets, Depreciable	<u>55,376,462</u>	<u>324,533</u>	<u>(15,850)</u>	<u>55,685,145</u>
Less Accumulated				
Depreciation for				
Land Improvements	(855,249)	(1,204,113)	-	(2,059,362)
Buildings and Improvements	(15,292,762)	(52,544)	15,850	(15,329,456)
Machinery and Equipment	(2,307,205)	(47,730)	-	(2,354,935)
Total Accumulated				
Depreciation	<u>(18,455,216)</u>	<u>(1,304,387)</u>	<u>15,850</u>	<u>(19,743,753)</u>
Total Capital Assets, Depreciable, Net	<u>36,921,246</u>	<u>(979,854)</u>	<u>-</u>	<u>35,941,392</u>
Governmental Activities				
Capital Assets, Net of Accumulated Depreciation				
	<u>\$ 37,462,404</u>	<u>\$ (979,854)</u>	<u>\$ -</u>	<u>\$ 36,482,550</u>

Governmental activities depreciation expense for fiscal year ended June 30, 2022 amounted to \$1,304,387 and was unallocated.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
General Obligation Bonds	\$ 22,405,000	\$ -	\$ 1,400,000	\$ 21,005,000	\$ 1,430,000
Compensated Absences	458,847	548,677	458,847	548,677	54,868
Total Governmental Activities Long-Term Liabilities	<u>\$ 22,863,847</u>	<u>\$ 548,677</u>	<u>\$ 1,858,847</u>	<u>\$ 21,553,677</u>	<u>\$ 1,484,868</u>

Total interest paid on long-term debt for the year ended June 30, 2022 was \$635,978.

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, 2022, 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 6/30/2022</u>
General obligation bonds	\$ 10,000,000	12/30/14	2.00 - 3.50%	09/01/34	\$ 6,400,000
General obligation bonds	10,000,000	03/02/15	2.00 - 3.50%	09/01/35	7,400,000
General obligation bonds	10,000,000	01/19/16	2.00 - 3.00%	09/01/35	7,205,000
Total					<u>\$ 21,005,000</u>

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2022 was \$58,647,267.

Equalized valuation of the District	\$ 793,302,786
Statutory limitation percentage	10%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	79,330,279
Total outstanding general obligation debt applicable to debt limitation	\$ 21,005,000
Less: Amounts available for financing general obligation debt	
Debt service fund net of accrued interest	321,988
Net outstanding general obligation debt applicable to debt limitation	20,683,012
Legal margin for new debt	<u>\$ 58,647,267</u>

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 5 – Long-Term Obligations (Continued)

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2022 follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,485,000	464,763	1,949,763
2028-3032	8,140,000	1,666,975	9,806,975
2033-2035	5,525,000	426,275	5,951,275
Total	<u>\$ 21,005,000</u>	<u>\$ 4,765,748</u>	<u>\$ 25,770,748</u>

Note 6 – Defined Benefit Pension Plan

Wisconsin Retirement System (WRS)

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>

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

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

Benefits Provided. Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 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
For the Year Ended June 30, 2022

Note 6 – Defined Benefit Pension Plan (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>
2012	(7.0)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	0.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13

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

During the reporting period, the WRS recognized \$776,399 in contributions from the employer.

Contribution rates as of June 30, 2022 are:

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (including teachers)	6.50%	6.50%

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 6 – Defined Benefit Pension Plan (Continued)

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

At June 30, 2022, the District reported an asset of \$5,177,436 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.06423472%, which was an increase of 0.00063126% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized a reduction of pension expense of \$442,569.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between pension plan - projected and actual experiences	\$ 8,363,887	\$ 603,126
Changes in assumptions	965,932	-
Net differences between pension plan - projected and actual earnings on pension plan investments	-	11,582,356
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,614	10,951
Employer contributions subsequent to the measurement date	467,411	-
Total	\$ 9,814,844	\$ 12,196,433

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 6 – Defined Benefit Pension Plan (Continued)

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

The \$467,411 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (240,839)
2024	(1,404,112)
2025	(614,512)
2026	(589,537)
	<u>\$ (2,849,000)</u>

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

Actuarial valuation date	December 31, 2020
Measurement date of net pension liability (asset)	December 31, 2021
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Value
Long-term expected rate of return	6.8%
Discount rate	6.8%
Salary increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Post-retirement adjustments*	1.7%

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

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

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 6 – Defined Benefit Pension Plan (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 Returns¹
As of December 31, 2021**

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return % ²
Global Equities	52.0%	6.8%	4.2%
Fixed Income	25.0	4.3	1.8
Inflation Sensitive Assets	19.0	2.7	0.2
Real Estate	7.0	5.6	3.0
Private Equity/Debt	12.0	9.7	7.0
Total Core Fund ³	115% *	6.6%	4.0%
Variable Fund Asset Class			
U.S. Equities	70.0%	6.3%	3.7%
International Equities	30.0	7.2	4.9
Total Variable Fund	100%	6.8%	4.6%

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

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

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

Single Discount Rate. A single discount rate of 6.8% was used to measure the total pension liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

Note 6 – Defined Benefit Pension Plan (Continued)

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

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase To Discount Rate (7.80%)
District’s Proportionate Share of the Net Pension Liability (Asset)	\$ 3,673,758	\$ (5,177,436)	\$ (11,548,650)

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, 2022 is \$27,157 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12
Active employees	<u>224</u>
	<u><u>236</u></u>

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

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

Single-employer Defined Postemployment Benefit Plan (Continued)

Net OPEB Liability (Asset)

Total OPEB Liability - Ending (a)	\$ 1,314,869
Plan Fiduciary Net Position - Ending (b)	1,400,157
District's Net OPEB Asset - Ending (a) - (b)	<u>\$ (85,288)</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	106.49%
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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 moneys 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 moneys 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, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2021.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

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

Single-employer Defined Postemployment Benefit Plan (Continued)

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

Inflation:	2.00%
Salary increases:	3.00%
Investment rate of return:	4.00%
Healthcare cost trend rates:	6.50% decreasing by 0.1% per year down to 5.00%, and level thereafter

Mortality rates were based on the Wisconsin 2018 Mortality Table.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 - June 30, 2019.

The long-term expected rate of return on OPEB plan investments was valued at 4%. 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%. 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	\$ 1,224,378	\$ 1,225,908	\$ (1,530)
Changes for the year:			
Service Cost	107,895	-	107,895
Interest	49,789	-	49,789
Contributions - Employer	-	49,597	(49,597)
Net Investment Income	-	191,845	(191,845)
Benefit Payments	(67,193)	(67,193)	-
Net Changes	90,491	174,249	(83,758)
Balances at 6/30/21	\$ 1,314,869	\$ 1,400,157	\$ (85,288)

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

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

Single-employer Defined Postemployment Benefit Plan (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 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 percent) or 1-percentage-point higher (5 percent) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	\$ 1,387,285	\$ 1,314,869	\$ 1,245,094
Fiduciary Net Position	1,400,157	1,400,157	1,400,157
Net OPEB Asset	<u>\$ (12,872)</u>	<u>\$ (85,288)</u>	<u>\$ (155,063)</u>

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	\$ 1,222,687	\$ 1,314,869	\$ 1,420,625
Fiduciary Net Position	1,400,157	1,400,157	1,400,157
Net OPEB Asset	<u>\$ (177,470)</u>	<u>\$ (85,288)</u>	<u>\$ 20,468</u>

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, 2022, the District recognized OPEB expense of \$13,264. At June 30, 2021, 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	\$ -	\$ 198,714
Changes of assumptions or other input	12,171	134,065
Net difference between projected and actual earnings on OPEB plan investments	-	143,471
District contributions subsequent to the measurement date	<u>121,165</u>	<u>-</u>
Total	<u>\$ 133,336</u>	<u>\$ 476,250</u>

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

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

Single-employer Defined Postemployment Benefit Plan (Continued)

The \$121,165 reported as deferred outflows related to OPEB resulting from the Employer’s contributions subsequent to the measurement date will be recognized as an adjustment of the net OPEB liability (asset) in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ending June 30,	Net Deferred (Inflows) of Resources
2023	\$ (85,715)
2024	(81,250)
2025	(74,812)
2026	(70,946)
2027	(42,313)
Thereafter	(109,043)
	\$ (464,079)

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, 2022 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
For the Year Ended June 30, 2022

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

Local Retiree Life Insurance Fund (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, 2021 are as listed below:

**Life Insurance
Member Contribution Rates *
For the Year Ended December 31, 2021**

<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 \$6,432 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, 2022, the District reported a liability of \$1,866,826 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.31585600%, which was an increase of 0.02035600% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized OPEB expense of \$240,343.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

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

Local Retiree Life Insurance Fund (Continued)

At June 30, 2022, 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	\$ -	\$ 94,965
Net difference between projected and actual earnings on OPEB plan investments	24,289	-
Changes of assumptions or other input	564,032	90,486
Changes in proportion and differences between employer contributions and proportionate share of contributions	69,457	14,965
Employer contributions subsequent to the measurement date	<u>1,594</u>	-
Total	<u><u>\$ 659,372</u></u>	<u><u>\$ 200,416</u></u>

The \$1,594 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, 2023. 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>
2023	\$ 99,796
2024	96,979
2025	88,266
2026	108,813
2027	52,542
Thereafter	<u>10,963</u>
	<u><u>\$ 457,359</u></u>

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

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

Local Retiree Life Insurance Fund (Continued)

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

Actuarial Valuation Date	January 1, 2021
Measurement Date of Net OPEB Liability (Asset)	December 31, 2021
Actuarial Cost Method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rates of Return	4.25%
Discount Rate	2.17%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%

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

Long-term Expected Return on Plan 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, 2021**

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Intermediate Credit Bonds	Bloomberg U.S. Interim Credit	45%	1.68%
U.S. Long Credit Bonds	Bloomberg U.S. Long Credit	5	1.82
U.S. Mortgages	Bloomberg MBS	50	1.94
Inflation			2.30
Long-Term Expected Rate of Return			4.25

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

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

Local Retiree Life Insurance Fund (Continued)

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

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

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 2.17 percent, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17 percent) or 1-percentage-point higher (3.17 percent) than the current rate:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
District’s proportionate share of the net OPEB liability	\$ 2,532,610	\$ 1,866,826	\$ 1,365,851

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, 2022.

RIPON AREA PUBLIC SCHOOLS

Notes to the Financial Statements
For the Year Ended June 30, 2022

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, 2022 includes the following:

Net Investment in Capital Assets	
Net Capital Assets	\$ 36,482,550
Less: Related Long-Term Debt Outstanding	<u>(21,005,000)</u>
Net Investment in Capital Assets	<u>15,477,550</u>
Restricted for	
Pension Benefits	2,795,847
Food Service	440,143
Future Debt Service	321,988
Capital Projects	2,561,950
Community Service	329,722
Common School Funds	5,776
Total Restricted	<u>6,455,426</u>
Unrestricted	<u>4,605,628</u>
Total District-Wide Net Position	<u><u>\$ 26,538,604</u></u>

Note 9 – Dental Self-Insurance

As of August 1, 2015, the District implemented a self-funded dental insurance plan. At June 30, 2022, 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, 2022, 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>
2021 - 2022	\$ -	\$ 166,985	\$ 166,985	\$ -
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
For the Year Ended June 30, 2022

Note 11 – Contingencies and Commitments

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, 2022, are not likely to have a material adverse impact on the District's financial position.

The District has contracted for special education services for the 2022 – 2023 school year. The contract amount is approximately \$401,000.

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.

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 (Measurement 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
12/31/2021	0.06423472%	\$ (5,177,436)	\$ 11,522,565	44.93%	106.02%
12/31/2020	0.06360346%	(3,970,852)	10,533,129	37.70%	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
6/30/2022	\$ 776,399	\$ 776,399	\$ -	\$ 11,768,544	6.60%
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.

RIPON AREA PUBLIC SCHOOLS
Schedule of Employer's Proportionate Share of the Net OPEB Liability
Local Retiree Life Insurance Fund - Cost-Sharing Plan
Last Ten Fiscal Years*

WRS Fiscal Year End Date (Measurement 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 Net OPEB Liability
12/31/2021	0.31585600%	\$ 1,866,826	\$ 8,173,000	22.84%	29.57%
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 - Cost-Sharing Plan
Last Ten 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
6/30/2022	\$ 6,432	\$ 6,432	\$ -	\$ 8,223,000	0.08%
6/30/2021	6,169	6,169	-	7,984,000	0.08%
6/30/2020	5,892	5,892	-	7,356,000	0.08%
6/30/2019	5,379	5,379	-	7,284,000	0.07%
6/30/2018	5,819	5,819	-	7,296,000	0.08%

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

RIPON AREA PUBLIC SCHOOLS
Schedule of Changes in Net OPEB Asset, Fiduciary Net Position, and Related Ratios
Other Post-Employment Benefits
Last 10 Measurement Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability						
Service Cost	\$ 107,895	\$ 101,324	\$ 94,638	\$ 87,169	\$ 93,528	\$ 79,839
Interest	49,789	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	(67,193)	(66,784)	(95,189)	(26,331)	(29,451)	(54,050)
Net Change in Total OPEB Liability	<u>90,491</u>	<u>(79,688)</u>	<u>62,723</u>	<u>(114,459)</u>	<u>68,073</u>	<u>236,948</u>
Total OPEB Liability - Beginning	<u>1,224,378</u>	<u>1,304,066</u>	<u>1,241,343</u>	<u>1,355,802</u>	<u>1,287,729</u>	<u>1,050,781</u>
Total OPEB Liability - Ending (a)	<u>\$ 1,314,869</u>	<u>\$ 1,224,378</u>	<u>\$ 1,304,066</u>	<u>\$ 1,241,343</u>	<u>\$ 1,355,802</u>	<u>\$ 1,287,729</u>
Fiduciary Net Position						
Contributions - Employer	\$ 49,597	\$ 51,249	\$ 70,024	\$ -	\$ 61,808	\$ 65,129
Net Investment Income	191,845	60,392	74,180	60,301	80,144	7,079
Benefit Payments	(67,193)	(66,784)	(95,189)	(26,331)	(29,451)	(54,050)
Net Change in Fiduciary Net Position	<u>174,249</u>	<u>44,857</u>	<u>49,015</u>	<u>33,970</u>	<u>112,501</u>	<u>18,158</u>
Fiduciary Net Position - Beginning	<u>1,225,908</u>	<u>1,181,051</u>	<u>1,132,036</u>	<u>1,098,066</u>	<u>985,565</u>	<u>967,407</u>
Fiduciary Net Position - Ending (b)	<u>\$ 1,400,157</u>	<u>\$ 1,225,908</u>	<u>\$ 1,181,051</u>	<u>\$ 1,132,036</u>	<u>\$ 1,098,066</u>	<u>\$ 985,565</u>
Net OPEB Asset (a) - (b)	<u>\$ (85,288)</u>	<u>\$ (1,530)</u>	<u>\$ 123,015</u>	<u>\$ 109,307</u>	<u>\$ 257,736</u>	<u>\$ 302,164</u>
Fiduciary Net Position as a Percentage of the Total OPEB Liability	106.49%	100.12%	90.57%	91.19%	80.99%	76.54%
Covered-Employee Payroll	\$ 10,616,587	\$ 10,616,587	\$ 9,439,255	\$ 9,439,255	\$ 6,574,663	\$ 6,574,663
Net OPEB Asset as a Percentage of Covered-Employee Payroll	-0.80%	-0.01%	1.30%	1.16%	3.92%	4.60%
Annual Money-Weighted Rate of Return, Net of Investment Expenses	14.61%	5.02%	6.41%	5.41%	7.69%	0.72%

*Ten years of data will be accumulated beginning with 2015.

RIPON AREA PUBLIC SCHOOLS
Schedule of Employer Contributions - Other Post-Employment Benefits
Last 10 Measurement Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 112,150	\$ 105,449	\$ 102,378	\$ 87,650	\$ 85,097	\$ 61,808
Contributions in Relation to the Actuarially Determined Contribution	49,597	51,249	70,024	-	61,808	65,129
Contribution Deficiency (Excess)	<u>\$ 62,553</u>	<u>\$ 54,200</u>	<u>\$ 32,354</u>	<u>\$ 87,650</u>	<u>\$ 23,289</u>	<u>\$ (3,321)</u>
Covered-Employee Payroll	\$ 10,616,587	\$ 10,616,587	\$ 9,439,255	\$ 9,439,255	\$ 6,574,663	\$ 6,574,663
Contributions as a percentage of Covered-Employee Payroll	0.47%	0.48%	0.74%	0.00%	0.94%	0.99%
Key Methods and Assumptions Used to Calculate ADC						
Actuarial Cost Method	Entry Age Normal - Level % of Salary Market Value	Entry Age Normal - Level % of Salary Market Value	Entry Age Normal - Level % of Salary Market Value	Entry Age Normal - Level % of Salary Market Value	Entry Age Normal - Level % of Salary Market Value	Entry Age Normal - Level % of Salary Market Value
Asset Valuation Method	30 Year Level %					
Amortization Method	4.00%	3.75%	3.75%	3.00%	3.00%	5.00%
Discount Rate	2.00%	2.50%	2.50%	2.50%	2.50%	3.00%
Inflation	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	July 1, 2014
Valuation Date						

RIPON AREA PUBLIC SCHOOLS
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2022

	Original and Final Budget	Actual Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES			
Property Taxes	\$ 3,541,562	\$ 3,534,362	\$ (7,200)
Other Local Sources	497,929	475,478	(22,451)
Interdistrict Sources	2,875,935	2,879,635	3,700
Intermediate Sources	5,171	10,709	5,538
State Sources	13,933,611	13,899,515	(34,096)
Federal Sources	1,475,931	1,580,718	104,787
Other Sources	44,380	63,407	19,027
Total Revenues	22,374,519	22,443,824	69,305
EXPENDITURES			
Instruction			
Regular Instruction	9,669,953	9,374,921	295,032
Vocational Instruction	555,902	564,068	(8,166)
Physical Instruction	423,191	430,983	(7,792)
Other Instruction	445,179	451,951	(6,772)
Total Instruction	11,094,225	10,821,923	272,302
Support Services			
Pupil Services	1,025,354	926,761	98,593
Instructional Staff Services	1,091,323	984,256	107,067
General Administration Services	577,471	570,511	6,960
School Building Administration Services	1,245,225	1,255,858	(10,633)
Business Administration	469,538	454,826	14,712
Operations and Maintenance	2,040,880	2,218,804	(177,924)
Pupil Transportation	551,902	565,089	(13,187)
Other Business Administration Services	105,000	109,675	(4,675)
Central Services	550,310	583,727	(33,417)
Insurance	127,624	127,624	-
Other Support Services	412,490	359,730	52,760
Total Support Services	8,197,117	8,156,861	40,256
Non-Program Transactions			
General Tuition Payments	1,197,133	1,174,622	22,511
Voucher Payments	52,600	52,600	-
Adjustments and Refunds	-	30,074	(30,074)
Total Non-Program Transactions	1,249,733	1,257,296	(7,563)
Total Expenditures	20,541,075	20,236,080	304,995
EXCESS OF REVENUES OVER EXPENDITURES	1,833,444	2,207,744	374,300
OTHER FINANCING SOURCE (USE)			
Sale of Equipment	27,703	27,703	-
Transfer to Other Funds	(1,853,600)	(2,134,451)	(280,851)
Total Other Financing Source (Use)	(1,825,897)	(2,106,748)	(280,851)
NET CHANGE IN FUND BALANCE	7,547	100,996	93,449
FUND BALANCE - BEGINNING OF YEAR	6,313,627	6,313,627	-
FUND BALANCE - END OF YEAR	\$ 6,321,174	\$ 6,414,623	\$ 93,449

See Accompanying Notes to Required Supplementary Information

RIPON AREA PUBLIC SCHOOLS
Notes to the Required Supplementary Information
For the Year Ended June 30, 2022

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, 2022:

Individual Function	Excess Expenditures
Vocational Instruction	\$ 8,166
Physical Instruction	7,792
Other Instruction	6,772
School Building Administration Services	10,633
Operations and Maintenance	177,924
Pupil Transportation	13,187
Other Business Administration Services	4,675
Central Services	33,417
Adjustments and Refunds	30,074

RIPON AREA PUBLIC SCHOOLS
Notes to Required Supplementary Information - Continued
For the Year Ended June 30, 2022

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 and Other Financing Source" from the Schedule of Revenues, Expenditures and Changes in Fund Balance	\$ 22,471,527
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	1,367,282
Total Revenues and Other Financing Source as Reported on the Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Funds	\$ 23,838,809
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	\$ 22,370,531
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	3,076,724
The Transfer to the Special Education Fund is Eliminated because it is Considered to be Part of the General Fund.	(1,709,442)
Total Expenditures and Other Financing Use as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$ 23,737,813

RIPON AREA PUBLIC SCHOOLS
Notes to Required Supplementary Information - Continued
For the Year Ended June 30, 2022

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.

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

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

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

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

Post-Employment Benefits Other Than Pension Benefits – Single-Employer Plan

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. There was no change in the assumptions for the District's single-employer plan providing health insurance benefits to retirees.

Post-Employment Benefits Other Than Pension Benefits - Cost-Sharing Plan

Changes of benefit terms. There were no recent changes in benefit terms.

Changes of assumptions. In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

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

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

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

SUPPLEMENTARY INFORMATION

RIPON AREA PUBLIC SCHOOLS

Combining Balance Sheet
Nonmajor Governmental Funds
As of June 30, 2022

	Special Revenue				Total Nonmajor Governmental Funds
	Special Revenue Trust	Food Service	Community Service	Debt Service	
ASSETS					
Cash and Investments	\$ 408,766	\$ 469,488	\$ 330,516	\$ 462,405	\$ 1,671,175
Accounts Receivable	-	5,649	126	-	5,775
Due from Federal Government	-	40,612	-	-	40,612
Prepaid Items	-	-	2,188	-	2,188
Total Assets	<u>\$ 408,766</u>	<u>\$ 515,749</u>	<u>\$ 332,830</u>	<u>\$ 462,405</u>	<u>\$ 1,719,750</u>
LIABILITIES					
Accounts Payable	\$ -	\$ 47,021	\$ 920	\$ -	\$ 47,941
Due to State Government	-	2,645	-	-	2,645
Deposits Payable	-	25,940	-	-	25,940
Total Liabilities	<u>-</u>	<u>75,606</u>	<u>920</u>	<u>-</u>	<u>76,526</u>
FUND BALANCES					
Nonspendable:					
Prepaid Items	-	-	2,188	-	2,188
Restricted	-	440,143	329,722	462,405	1,232,270
Assigned	408,766	-	-	-	408,766
Total Fund Balances	<u>408,766</u>	<u>440,143</u>	<u>331,910</u>	<u>462,405</u>	<u>1,643,224</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 408,766</u>	<u>\$ 515,749</u>	<u>\$ 332,830</u>	<u>\$ 462,405</u>	<u>\$ 1,719,750</u>

RIPON AREA PUBLIC SCHOOLS

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

	Special Revenue				Total Nonmajor Governmental Funds
	Special Revenue Trust	Food Service	Community Service	Debt Service	
REVENUES					
Property Taxes	\$ -	\$ -	\$ 251,272	\$ 2,169,802	\$ 2,421,074
Other Local Sources	509,437	54,466	46,161	2,124	612,188
State Sources	-	7,269	-	-	7,269
Federal Sources	-	1,111,186	-	-	1,111,186
Total Revenues	509,437	1,172,921	297,433	2,171,926	4,151,717
EXPENDITURES					
Instruction:					
General Instruction	97,629	-	-	-	97,629
Other Instruction	18,785	-	-	-	18,785
Total Instruction	116,414	-	-	-	116,414
Support Services:					
Instructional Staff Services	528	-	-	-	528
General Administration Services	800	-	361	-	1,161
Business Services	-	9,138	-	-	9,138
Operations and Maintenance	35,076	11,469	628	-	47,173
Pupil Transportation	5,554	-	411	-	5,965
Food Services	-	909,700	-	-	909,700
Central Services	303,305	788	-	-	304,093
Other Support Services	-	3,908	-	-	3,908
Community Services	-	-	293,656	-	293,656
Debt Service					
Principal	-	-	-	1,400,000	1,400,000
Interest and Fiscal Charges	-	-	-	635,978	635,978
Total Support Services	345,263	935,003	295,056	2,035,978	3,611,300
Total Expenditures	461,677	935,003	295,056	2,035,978	3,727,714
NET CHANGES IN FUND BALANCES	47,760	237,918	2,377	135,948	424,003
FUND BALANCES - BEGINNING OF YEAR	361,006	202,225	329,533	326,457	1,219,221
FUND BALANCES - END OF YEAR	\$ 408,766	\$ 440,143	\$ 331,910	\$ 462,405	\$ 1,643,224

RIPON AREA PUBLIC SCHOOLS

Combining Schedule of Internal General and Special Education Funds - Balance Sheet
As of June 30, 2022

	<u>General</u>	<u>Special Education</u>	<u>Total General Fund</u>
ASSETS			
Cash and Investments	\$ 6,516,879	\$ -	\$ 6,516,879
Receivables:			
Taxes	1,478,023	-	1,478,023
Accounts	65,490	10,492	75,982
Due from Other Government	120	63,068	63,188
Due from State Government	59,430	-	59,430
Due from Federal Government	239,800	112,358	352,158
Prepaid Items	9,776	-	9,776
TOTAL ASSETS	<u>\$ 8,534,593</u>	<u>\$ 185,918</u>	<u>\$ 8,720,511</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 162,602	\$ 185,918	\$ 348,520
Accrued Liabilities	1,956,368	-	1,956,368
Unearned Revenue	1,000	-	1,000
Total Liabilities	<u>2,119,970</u>	<u>185,918</u>	<u>2,305,888</u>
FUND BALANCES			
Nonspendable:			
Prepaid Items	9,776	-	9,776
Restricted	5,776	-	5,776
Assigned	452,131	-	452,131
Unassigned	5,946,940	-	5,946,940
Total Fund Balances	<u>6,414,623</u>	<u>-</u>	<u>6,414,623</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,534,593</u>	<u>\$ 185,918</u>	<u>\$ 8,720,511</u>

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, 2022

	<u>General</u>	<u>Special Education</u>	<u>Total General Fund</u>
REVENUES			
Property Taxes	\$ 3,534,362	\$ -	\$ 3,534,362
Other Local Sources	475,478	-	475,478
Interdistrict Sources	2,879,635	-	2,879,635
Intermediate Sources	10,709	63,068	73,777
State Sources	13,899,515	692,297	14,591,812
Federal Sources	1,580,718	611,917	2,192,635
Other Sources	63,407	-	63,407
Total Revenues	<u>22,443,824</u>	<u>1,367,282</u>	<u>23,811,106</u>
EXPENDITURES			
Instruction			
Regular Instruction	9,374,921	-	9,374,921
Vocational Instruction	564,068	-	564,068
Physical Instruction	430,983	-	430,983
Special Instruction	-	2,088,836	2,088,836
Other Instruction	451,951	-	451,951
Total Instruction	<u>10,821,923</u>	<u>2,088,836</u>	<u>12,910,759</u>
Support Services			
Pupil Services	926,761	224,124	1,150,885
Instructional Staff Services	984,256	148,222	1,132,478
General Administration Services	570,511	-	570,511
School Building Administration Services	1,255,858	-	1,255,858
Business Services	454,826	-	454,826
Operations and Maintenance	2,218,804	9,264	2,228,068
Pupil Transportation	565,089	214,150	779,239
Other Business Administration Services	109,675	-	109,675
Central Services	583,727	8,872	592,599
Insurance	127,624	-	127,624
Other Support Services	359,730	27,559	387,289
Total Support Services	<u>8,156,861</u>	<u>632,191</u>	<u>8,789,052</u>
Non-Program Transactions			
General Tuition Payments	1,174,622	-	1,174,622
Non-Program Payments	-	355,697	355,697
Voucher Payments	52,600	-	52,600
Adjustments and Refunds	30,074	-	30,074
Total Non-Program Transactions	<u>1,257,296</u>	<u>355,697</u>	<u>1,612,993</u>
Total Expenditures	<u>20,236,080</u>	<u>3,076,724</u>	<u>23,312,804</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,207,744</u>	<u>(1,709,442)</u>	<u>498,302</u>
OTHER FINANCING SOURCES (USE)			
Sale of Equipment	27,703	-	27,703
Transfer from Other Funds	-	1,709,442	1,709,442
Transfer to Other Funds	(2,134,451)	-	(2,134,451)
Total Other Financing Sources (Use)	<u>(2,106,748)</u>	<u>1,709,442</u>	<u>(397,306)</u>
NET CHANGES IN FUND BALANCES	100,996	-	100,996
FUND BALANCES - BEGINNING OF YEAR	<u>6,313,627</u>	<u>-</u>	<u>6,313,627</u>
FUND BALANCES - END OF YEAR	<u>\$ 6,414,623</u>	<u>\$ -</u>	<u>\$ 6,414,623</u>

OTHER INFORMATION

RIPON AREA PUBLIC SCHOOLS
 Schedule of Charter School Authorizer Operating Costs
 Catalyst Charter School
 For the Year Ended June 30, 2022

Operating Activity	WUFAR Object Code	Cost
Employee Salaries	100	\$ 3,914
Employee Benefits	200	1,159
		\$ 5,073

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

RIPON AREA PUBLIC SCHOOLS
 Schedule of Charter School Authorizer Operating Costs
 Journey Charter School
 For the Year Ended June 30, 2022

Operating Activity	WUFAR Object Code	Cost
Employee Salaries	100	\$ 3,914
Employee Benefits	200	1,159
		\$ 5,073

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

RIPON AREA PUBLIC SCHOOLS
 Schedule of Charter School Authorizer Operating Costs
 Barlow Charter School
 For the Year Ended June 30, 2022

<u>Operating Activity</u>	<u>WUFAR Object Code</u>	<u>Cost</u>
Employee Salaries	100	\$ 3,914
Employee Benefits	200	1,159
		<u>\$ 5,073</u>

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

RIPON AREA PUBLIC SCHOOLS
 Schedule of Charter School Authorizer Operating Costs
 Quest Charter School
 For the Year Ended June 30, 2022

Operating Activity	WUFAR Object Code	Cost
Employee Salaries	100	\$ 3,914
Employee Benefits	200	1,159
		\$ 5,073

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

RIPON AREA PUBLIC SCHOOLS
 Schedule of Charter School Authorizer Operating Costs
 Odyssey Academy of Virtual Learning Charter School
 For the Year Ended June 30, 2022

<u>Operating Activity</u>	<u>WUFAR Object Code</u>	<u>Cost</u>
Employee Salaries	100	\$ 3,914
Employee Benefits	200	1,159
		<u>\$ 5,073</u>

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

ADDITIONAL REPORTS



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

To the 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 3, 2022.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 identified certain deficiencies in internal control, described in the accompany schedule of findings and questioned costs as items 2022-001 and 2022-002 that we consider to be significant deficiencies.

To the Board of Education
Ripon Area School District

Report on Compliance and Other Matters

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

District's Response to Findings

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

Purpose of 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 S.C.
Certified Public Accountants
Appleton, Wisconsin
December 3, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE 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

Opinion on Each Major Federal and State Program

We have audited the District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, *State Single Audit Guidelines* and the *Wisconsin Public School District 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, 2022. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

To the Board of Education
Ripon Area School District

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

To the Board of Education
Ripon Area School District

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

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

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

KerberRose SC

KerberRose S.C.
Certified Public Accountants
Appleton, Wisconsin
December 3, 2022

FEDERAL AND STATE AWARDS SECTION

RIPON AREA PUBLIC SCHOOLS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Grantor Agency/Federal Program Title	ALN	Pass-Through Agency	Pass-Through Number	(Accrued) Deferred Revenue 7/1/2021	Value or Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2022	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
<i>CHILD NUTRITION CLUSTER</i>								
School Breakfast Program	10.553	WI DPI	2022-204872-DPI-SB-SEVERE-546	\$ -	\$ 227,824	\$ 3,436	\$ 231,260	\$ -
National School Lunch Program	10.555	WI DPI	2022-204872-DPI-NSL-547	-	722,373	9,681	732,054	-
Area Eligible Snack Program	10.555	WI DPI	2021-204872-DPI-NSLAE-566	(1,801)	1,801	-	-	-
Area Eligible Snack Program	10.555	WI DPI	2022-204872-DPI-SK_NSLAE-561	-	13,539	175	13,714	-
Donated Commodities 2020-2021	10.555	WI DPI	2022-024872-DPI-NSL-547	-	60,820	-	60,820	-
Special Milk Program	10.556	WI DPI	2021-204872-DPI-SMP-548	(77)	77	-	-	-
Special Milk Program	10.556	WI DPI	2022-204872-DPI-SMP-586	-	664	11	675	-
<i>Total National School Lunch Program</i>				<u>(1,878)</u>	<u>798,610</u>	<u>9,867</u>	<u>807,263</u>	<u>-</u>
Summer Food Service Program	10.559	WI DPI	2021-204872-DPI-SFSP-586	(147,479)	147,479	-	-	-
Summer Food Service Program	10.559	WI DPI	2022-204872-DPI-SFSP-566	-	45,354	27,309	72,663	-
<i>Total Summer Food Service Program</i>				<u>(147,479)</u>	<u>192,833</u>	<u>27,309</u>	<u>72,663</u>	<u>-</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster				<u>(149,357)</u>	<u>1,219,267</u>	<u>40,612</u>	<u>1,111,186</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010	WI DPI	2021-204872-DPI-TIA-141	(78,952)	78,952	-	-	-
Title I Grants to Local Educational Agencies	84.010	WI DPI	2022-204872-DPI-TIA-141	-	98,874	68,783	167,657	-
<i>Total Title I Grants to Local Educational Agencies</i>				<u>(78,952)</u>	<u>177,826</u>	<u>68,783</u>	<u>167,657</u>	<u>-</u>
<i>SPECIAL EDUCATION CLUSTER</i>								
Special Education Grants to States	84.027	WI DPI	2021-204872-DPI-IDEA-FT-341	(88,901)	88,901	-	-	-
Special Education Grants to States	84.027	WI DPI	2022-204872-DPI-FLOW-341	-	312,667	111,127	423,794	-
Special Education Preschool Grants	84.173	WI DPI	2022-204872-DPI-PRESCH-346	-	9,117	-	9,117	-
Special Education Preschool Grants	84.173	WI DPI	2022-204872-DPI-PRESCH-347	-	10,652	-	10,652	-
<i>Total Special Education Cluster</i>				<u>(88,901)</u>	<u>410,685</u>	<u>111,127</u>	<u>443,563</u>	<u>-</u>
Career and Technical Education - Basic Grants to States	84.048	CESA	2022-204872-DPI-CTE-400	-	6,898	-	6,898	-
English Language Acquisition State Grants	84.365	CESA	2022-204872-DPI-TIIIA-391	-	3,811	-	3,811	-
21st Century Learning Centers	84.287	WI DPI	2021-204872-DPI-CLC-367	(39,360)	39,360	-	-	-
21st Century Learning Centers	84.287	WI DPI	2022-204872-DPI-TIVB-367	-	63,545	58,409	121,954	-
Improving Teacher Quality State Grants	84.367	WI DPI	2021-204872-DPI-TIIA-365	(31,845)	31,845	-	-	-
Improving Teacher Quality State Grants	84.367	WI DPI	2022-204872-DPI-TIIA-365	-	29,328	-	29,328	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2021-204872-DPI-TIVA-381	(4,933)	4,933	-	-	-
Student Support and Academic Enrichment Program	84.424	WI DPI	2022-204872-DPI-TIVA-381	-	12,742	-	12,742	-
Education Stabilization Fund	84.425D	WI DPI	2022-204872-DPI-ESSERFII-163	-	891,581	-	891,581	-
Total U.S. Department of Education				<u>(243,991)</u>	<u>1,661,845</u>	<u>238,319</u>	<u>1,666,825</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
<i>MEDICAID CLUSTER</i>								
Medical Assistance Program	93.778	WI DHS	n/a	(16,430)	302,989	1,233	287,792	-
TOTAL FEDERAL AWARDS				<u>\$ (409,778)</u>	<u>\$ 3,194,810</u>	<u>\$ 280,164</u>	<u>\$ 3,076,512</u>	<u>\$ -</u>

Reconciliation to the basic financial statements:

Governmental Funds

Federal Sources

Intermediate Sources

Less: Federal sources not considered federal financial assistance

Total expenditures of federal awards

\$ 3,303,821

10,709

(238,018)

\$ 3,076,512

RIPON AREA PUBLIC SCHOOLS

Schedule of State Financial Assistance

For the Year Ended June 30, 2022

Awarding Agency/ Awarding Description/ Pass-Through Agency	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/2021	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/2022	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	204872-100	\$ -	\$ 676,475	\$ -	\$ 676,475	\$ -
Special Education and School Age Parents	255.101	n/a	n/a	-	63,068	-	63,068	-
Common School Fund Library Aid	255.103	Direct Program	204872-104	-	70,380	-	70,380	-
General Transportation Aid	255.107	Direct Program	204872-102	-	27,072	-	27,072	-
WI School Day Milk Program	255.115	Direct Program	204872-109	-	7,269	-	7,269	-
Equalization Aids	255.201	Direct Program	204872-116	(189,931)	12,690,590	-	12,500,659	-
High Cost Special Education Aid	255.210	Direct Program	204872-119	-	11,040	-	11,040	-
School Based Mental Health Services	255.297	Direct Program	204872-177	(28,669)	57,662	19,957	48,950	-
Early College Credit Program	255.445	Direct Program	204872-178	-	6,195	-	6,195	-
Educator Effective Evaluation System	255.940	Direct Program	204872-154	-	11,520	-	11,520	-
Per Pupil Aid	255.945	Direct Program	204872-113	-	1,154,552	-	1,154,552	-
Assessments of Reading Readiness	255.956	Direct Program	204872-166	-	4,782	-	4,782	-
Total Wisconsin Department of Public Instruction				<u>(218,600)</u>	<u>14,780,605</u>	<u>19,957</u>	<u>14,581,962</u>	<u>-</u>
TOTAL STATE PROGRAMS				<u>\$ (218,600)</u>	<u>\$ 14,780,605</u>	<u>\$ 19,957</u>	<u>\$ 14,581,962</u>	<u>\$ -</u>

Reconciliation to the basic financial statements:

Governmental Funds

State sources	\$ 14,599,081
Intermediate sources	63,068
Less: State sources not considered state financial assistance	
State tax exempt aid	(71,989)
PILT	(7,794)
Medical reimbursements	(404)
Total expenditures of state awards	<u>\$ 14,581,962</u>

RIPON AREA SCHOOL DISTRICT

Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2022

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, 2022. 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

2021 - 2022 eligible costs under the State Special Education Program are \$2,068,361.

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, 2022

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?	No
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
84.425D	<i>Education Stabilization Funds</i> Elementary and Secondary School Emergency Relief
93.778	Medical Assistance Program
Dollar threshold used to distinguish between Type A and Type B Programs	\$750,000

Auditee qualified as a low-risk auditee?	Yes
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State Awards

Internal control over major programs	
Material weakness identified?	No
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
255.101	Special Education and School Age Parents
255.201	General Equalization Aid

RIPON AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs - Continued
For the Year Ended June 30, 2022

Section II - Financial Statement Findings

Finding No.

2022-001

Lack of Segregation of Duties

Prior Year Audit Finding:

2021-001

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, 2022

Section II - Financial Statement Finding, Continued

Finding No.

2022-002

Financial Reporting

Prior Year

Audit Finding:

2021-002

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, 2022

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, 2022

Financial Statement Finding

2021-001 – Lack of Segregation of Duties – See corrective action plan for finding 2022-001.

2021-002 – Financial Reporting – See corrective action plan for finding 2022-002.



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Financial Statement Findings – Corrective Action Plan

2022-001 – 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.

2022-002 – 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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