

PLEASE POST



SCHOOL DISTRICT OF SHOREWOOD
Shorewood, Wisconsin
January 24, 2023 AGENDA

SCHOOL BOARD MEETING
7:00 PM
Shorewood High School Library Media Center (LMC)
1701 East Capitol Drive
Shorewood, WI 53211

Community members may attend the School Board meeting in person; masks are recommended, but optional.

Parking is available in the Shorewood High School lot; please enter through the new Administration Building doors and take the west stairs up to the second floor. *The building elevator can be accessed near the east stairs.*

Due to active health and safety concerns associated with the ongoing COVID-19 pandemic, attendees can use the alternative method of access that the District is providing on Zoom:

Join Zoom:

<https://us02web.zoom.us/j/81599627722>

Meeting ID: 815 9962 7722

One tap mobile

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+13017158592,,81599627722# US (Washington DC)

Dial by your location

+1 646 876 9923 US (New York)

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+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

Meeting ID: 815 9962 7722

Find your local number: <https://us02web.zoom.us/j/81599627722>

This meeting notice was posted on January 20, 2023.

I. 7 pm CALL TO ORDER

A. Adopt the Agenda (GC2)

B. Overarching Result for Shorewood School District (R1)

Our students are leaders who challenge themselves to grow and achieve academically, pursue their passions, navigate change, learn continuously and contribute to the common good.

C. Awards and Recognitions

II. 7:05 pm STUDENT ACHIEVEMENT AND STUDENT RESULTS (R1)

Atwater Elementary School

III. 7:20 pm PUBLIC COMMENTS #1 (GC3)

Initiate and maintain effective communication with the citizens and other important stakeholder groups as a means to engage them in the work of the Board and the District.

IV. 7:35 pm BOARD BUSINESS AND POSSIBLE BOARD ACTION

A. Huffman Development Final Report

3

B. Review and Acceptance of Auditor's Report

24

C. Approval of the District 2023-24 Open Enrollment Recommendation

134

D. Legislative Advocacy

138

E. WASB Delegate Assembly Update

F. Superintendent Search Update

V. 8:40 pm BOARD CONSENT AGENDA (GC2)

A. Approval of Board Meeting Minutes

140

January 5, 2023 Closed Session

January 10, 2023 Closed Session

January 10, 2023 Board Meeting

January 17, 2023 Closed Session

January 18, 2023 Closed Session

VI. 8:45 pm PUBLIC COMMENT #2 (GC3)

Initiate and maintain effective communication with the citizens and other important stakeholder groups as a means to engage them in the work of the Board and the District.

VII. 9:00 pm BOARD MEMBER REPORTS

VIII. 9:05 pm SUPERINTENDENT'S REPORT

147

IX. 9:15 pm SUPERINTENDENT'S CONSENT AGENDA

A. Approval of Monthly Financials

150

B. Approval of District Staffing Changes: Retirements, Resignations and Leave of

157

Absence Requests

Cheryl Sawdy

X. 9:20 pm PUBLIC COMMENT #3 (GC3)

Initiate and maintain effective communication with the citizens and other important stakeholder groups as a means to engage them in the work of the Board and the District.

XI. 9:35 pm REVIEW OF 'TO DO' ITEMS

XII. 9:40 pm FUTURE AGENDA ITEMS

XIII. 9:45 pm RECESS AND DEBRIEF



Project Status Report for

Shorewood School
District

3

Mike Huffman, HFD
Your Partner in
Development

Work Status: To Be Completed

High School

- Boiler plant modifications to allow system to properly function for re-heat during summer air conditioning mode. This work will be completed in the spring when the boilers can be temporarily shut down.

Atwater Elementary School

- Installation of egress windows in three rooms will occur imminently.

Lake Bluff Elementary

- Boiler plant modifications to allow system to properly function for re-heat during summer air conditioning mode. This work will be completed in the spring when the boilers can be temporarily shut down.

Fitness Center

- The new fire alarm system failed NSFD inspection. Installation of additional tamper switches and system programming are underway.

Financial Status

Budget Wrap-up

- Finished under budget
- Accommodated additional work scope, after bid day in the amount of \$6m. Some highlights:
 - Fire suppression at Atwater and Lake Bluff
 - Additional masonry repair at Atwater and Lake Bluff
 - Structured cabling replacement (data wiring) at several buildings
 - Additional finishes (flooring, paint) at SIS
 - Various parking lot upgrades at SHS
 - Fire alarm upgrades at all buildings

Additional Work Scope to be Advanced

- Powerhouse electrical feed
- Powerhouse window replacement
- Atwater maintenance garage roof, doors, and siding replacement
- Lake Bluff maintenance garage roof, doors, and siding replacement
- CMMS software installation
- Landscaping modifications
- SHS cafeteria kitchen exhaust

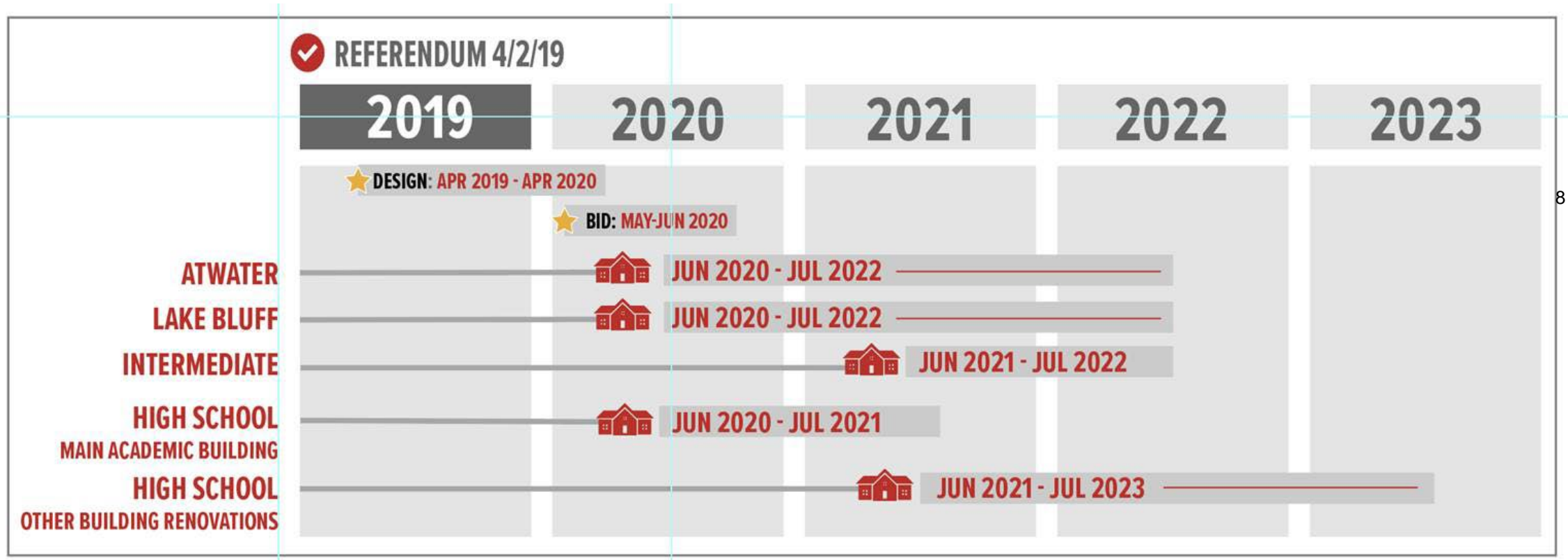
Shorewood School District Referendum Projects
BUDGET SUMMARY
 01/23/23

DESCRIPTION	BUDGET	FINAL PROJECTED COST	PAYMENTS TO DATE	% Complete
Pre-Development	44,588	39,588	39,588	100.00%
Professional Services <i>Design, Project Mgmt, Legal, Quality Testing</i>	4,381,730	4,715,730	4,674,390	99.12%
Owner Provided Equipment	2,440,000	1,641,442	1,521,029	92.66%
Construction	52,026,821	58,039,991	56,583,676	97.49%
Other Project Expense	505,000	1,279,897	684,823	53.51%
Additional Funding Sources	0	(1,081,000)	0	0.00%
Owner Contingency	5,601,862	364,353	0	0.00%
TOTAL	65,000,000	65,000,000	63,503,506	97.70%
FINAL PROJECTED COST		<u>65,000,000.00</u>		
Balance - Under / (Over)		<u><u>0.00</u></u>		

What was Accomplished

- Initial work was bid on March 18, 2020, five days after all schools were instructed to close. Construction was declared “Essential”. Schedules were modified and safe work protocols were established.
- Due to favorable bidding, roughly \$6m became available for added work scope within the parameters of the referendum language. This added to the design, bid, management tasks.
- The end-product, delivered through a pandemic, three summer-blitz periods, and during the school year in occupied buildings (one year ahead of original schedule) is of high-quality.

Original Referendum Schedule Completion in August 2023







104
ATTENDANCE



ATTENDANCE OFFICE

11



BFT 510

3:00

12





MARY BAKER SCHOOL



101
MAIN OFFICE

15



LAKE BRUCE SCHOOL

16





SHOREWOOD PUBLIC SCHOOL

18



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Team Acknowledgements

Huffman Facility Development, Inc.



Environmental Management Consulting, Inc.

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Creative
BusinessInteriors



EXECUTIVE SUMMARY FOR THE SHOREWOOD SCHOOL BOARD

Topic: Audited Financial Statements for the Year Ended June 30, 2022

Date: January 24, 2023

Prepared by: Heather Heaviland

Recommended action:

- Information only
- Presentation/discussion
- Discussion/action by board of education
- Presentation/action next meeting

Purpose: Recommend acceptance of the audited financial statements for the year ended June 30, 2022.

Background: The financial records of the school district are audited yearly by an independent certified public accountant in compliance with state statutes and good business practices. The audit is conducted in conformance with generally accepted auditing standards and DPI regulatory requirements. The audit is conducted on behalf of the Board of Education and the auditors report directly to the Board.

Representatives of the audit firm, Clifton, Larson, Allen, LLP will be presenting the audited financial statements as well as comments or suggestions, if any.

Attachments:

- Final Report and Financial Statements - FY22
- Executive Summary
- Prior Year Audit and Corrective Action Plan



Business & Human Resource Services
1701 E Capitol Drive
Shorewood, WI 53211
414.963.6911
www.shorewoodschoools.org

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022**

PRIOR YEAR AUDIT FINDINGS

The findings noted in the 2021 schedule of findings and questioned costs have been reported to the proper federal and state agencies. The current status of the prior year audit findings, as provided by management, follows:

Finding No. Prior Year Audit Finding

2021-001 Preparation of Annual Financial Report

Management continues to rely upon the audit firm to prepare its financial statement. The finding is repeated as 2022-001.

CORRECTIVE ACTION PLAN

Finding No. Corrective Action Plan

2022-001 Preparation of Annual Financial Report

District management believes that the cost of employing internal resources to draft financial statements and related notes under the GASB 34 model, including the related GASB 34 conversion entries, would outweigh the benefits to be received. Furthermore, District management will continue to employ personnel who have the capability to review, approve, and accept responsibility for the financial statements. The Director of Business Services has reviewed and approved the annual financial report prior to issuance.

Name of responsible official: Heather Heaviland, Director of Business Services
Expected Completion Date: Ongoing, no formal expected completion date.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2022



**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
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**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
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INDEPENDENT AUDITORS' REPORT

Board of Education
Shorewood School District
Shorewood, Wisconsin

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 budgetary comparison information and the schedules relating to pensions and other postemployment benefits as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


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 operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
December 15, 2022

BASIC FINANCIAL STATEMENTS

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 19,773,643
Receivables:	
Taxes	2,053,890
Accounts	420,803
Due from Other Governments	655,536
Prepaid Items	28,271
Net Pension Asset	8,332,505
Capital Assets:	
Nondepreciable	14,411,972
Depreciable, Net	66,009,038
Total Assets	111,685,658
 DEFERRED OUTFLOWS OF RESOURCES	
Pension Related Amounts	15,730,486
Other Postemployment Related Amounts	161,818
Total Deferred Outflows of Resources	15,892,304
 LIABILITIES	
Accounts Payable	2,759,181
Accrued and Other Current Liabilities	1,361,061
Accrued Interest Payable	320,997
Unearned Revenues	1,699
Deposits Payable	345,173
Long-Term Obligations	
Due in One Year	2,920,329
Due in More Than One Year	64,912,572
Other Postemployment Benefits Liability	1,389,659
Net Pension Liability	867,866
Total Liabilities	74,878,537
 DEFERRED INFLOWS OF RESOURCES	
Pension Related Amounts	19,830,295
Other Postemployment Related Amounts	857,003
Total Deferred Inflows of Resources	20,687,298
 NET POSITION	
Net Investment in Capital Assets	24,801,019
Restricted:	
Grant Funds	33,559
Community Service	827,645
Food Service	562,231
Capital Expansion	771,868
Debt Service	3,126,959
Pension Asset	8,332,505
Unrestricted	(6,443,659)
Total Net Position	\$ 32,012,127

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 15,949,107	\$ 2,076,242	\$ 2,346,645	\$ -	\$ (11,526,220)
Support Services	7,632,419	45,875	1,691,864	-	(5,894,680)
Community Services	1,296,199	862,439	200	-	(433,560)
Nonprogram	1,157,289	-	238,661	-	(918,628)
Interest and Fiscal Charges	1,373,835	-	-	-	(1,373,835)
Depreciation - Unallocated	1,687,611	-	-	-	(1,687,611)
Total Governmental Activities	<u>\$ 29,096,460</u>	<u>\$ 2,984,556</u>	<u>\$ 4,277,370</u>	<u>\$ -</u>	(21,834,534)
GENERAL REVENUES					
Property Taxes					21,665,146
State and Federal Aids not Restricted to Specific Functions					7,278,774
Interest and Investment Earnings					384,334
Miscellaneous					982,228
Total General Revenues					<u>30,310,482</u>
CHANGE IN NET POSITION					
					8,475,948
Net Position - July 1					<u>23,536,179</u>
NET POSITION - END OF YEAR					
					<u>\$ 32,012,127</u>

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See accompanying Notes to Basic Financial Statements.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General	Referendum Debt Service
ASSETS		
Cash and Investments	\$ 2,422,733	\$ 3,268,460
Receivables:		
Taxes	2,053,890	-
Accounts	373,091	-
Due from Other Governments	533,191	-
Prepaid Items	21,311	-
Total Assets	\$ 5,404,216	\$ 3,268,460
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 339,026	\$ -
Accrued and Other Current Liabilities	1,301,381	-
Unearned Revenues	-	-
Deposits Payable	345,173	-
Total Liabilities	1,985,580	-
FUND BALANCES		
Nonspendable	21,311	-
Restricted	33,559	3,268,460
Committed	26,964	-
Unassigned	3,336,802	-
Total Fund Balances	3,418,636	3,268,460
Total Liabilities and Fund Balances	\$ 5,404,216	\$ 3,268,460

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
BALANCE SHEET (CONTINUED)
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 11,118,361	\$ 2,964,089	\$ 19,773,643
Receivables:			
Taxes	-	-	2,053,890
Accounts	-	47,712	420,803
Due from Other Governments	-	122,345	655,536
Prepaid Items	-	6,960	28,271
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 11,118,361</u>	<u>\$ 3,141,106</u>	<u>\$ 22,932,143</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 2,313,868	\$ 106,287	\$ 2,759,181
Accrued and Other Current Liabilities	-	59,680	1,361,061
Unearned Revenues	-	1,699	1,699
Deposits Payable	-	-	345,173
Total Liabilities	<u>2,313,868</u>	<u>167,666</u>	<u>4,467,114</u>
 FUND BALANCES			
Nonspendable	-	6,960	28,271
Restricted	8,804,493	2,334,280	14,440,792
Committed	-	632,200	659,164
Unassigned	-	-	3,336,802
Total Fund Balances	<u>8,804,493</u>	<u>2,973,440</u>	<u>18,465,029</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 11,118,361</u>	<u>\$ 3,141,106</u>	<u>\$ 22,932,143</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
RECONCILIATION TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2022**

Total Fund Balances as Shown on Previous Page \$ 18,465,029

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 80,421,010

Some deferred outflows and inflows of resources reflect changes in long-term liabilities and are not reported in the funds.

Deferred Outflows Related to Pensions	15,730,486
Deferred Inflows Related to Pensions	(19,830,295)
Deferred Outflows Related to Other Postemployment Benefits	161,818
Deferred Inflows Related to Other Postemployment Benefits	(857,003)

Long-term asset are not considered available; therefore, are not reported in the funds:

Net Pension Asset	8,332,505
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and Notes Payable	(65,530,000)
Debt Premium	(2,261,584)
Compensated Absences	(41,317)
Other Postemployment Benefits Liability (Asset)	(1,389,659)
Net Pension Liability	(867,866)
Accrued Interest on Long-Term Obligations	<u>(320,997)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ 32,012,127</u></u>
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**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General	Referendum Debt Service
REVENUES		
Property Taxes	\$ 15,974,893	\$ 3,271,473
Other Local Sources	589,654	305
Interdistrict Sources	1,493,031	-
State Sources	8,856,339	-
Federal Sources	1,646,537	-
Other Sources	791,054	-
Total Revenues	29,351,508	3,271,778
EXPENDITURES		
Instruction:		
Regular Instruction	12,532,595	-
Vocational Instruction	170,768	-
Special Education Instruction	3,050,250	-
Other Instruction	1,223,709	-
Total Instruction	16,977,322	-
Support Services:		
Pupil Services	1,741,524	-
Instructional Staff Services	1,650,616	-
General Administration Services	722,808	-
School Administration Services	1,386,107	-
Business Services	730,243	-
Operations and Maintenance of Plant	2,887,179	-
Pupil Transportation Services	174,310	-
Food Services	-	-
Central Services	285,906	-
Insurance	312,324	-
Other Support Services	262,495	-
Total Support Services	10,153,512	-
Debt Service:		
Principal	86,193	1,865,000
Interest and Fiscal Charges	37,185	1,458,214
Total Debt Service	123,378	3,323,214
Community Service	-	-

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Capital Projects	Other Governmental Funds	Totals
REVENUES			
Property Taxes	\$ -	\$ 2,425,068	\$ 21,671,434
Other Local Sources	368,072	1,229,768	2,187,799
Interdistrict Sources	-	4,006	1,497,037
State Sources	-	19,774	8,876,113
Federal Sources	-	889,023	2,535,560
Other Sources	-	2,595	793,649
Total Revenues	<u>368,072</u>	<u>4,570,234</u>	<u>37,561,592</u>
EXPENDITURES			
Instruction:			
Regular Instruction	-	194,205	12,726,800
Vocational Instruction	-	-	170,768
Special Education Instruction	-	-	3,050,250
Other Instruction	-	27,294	1,251,003
Total Instruction	<u>-</u>	<u>221,499</u>	<u>17,198,821</u>
Support Services:			
Pupil Services	-	-	1,741,524
Instructional Staff Services	-	34,162	1,684,778
General Administration Services	-	89,743	812,551
School Administration Services	-	-	1,386,107
Business Services	743	28,797	759,783
Operations and Maintenance of Plant	21,660,101	392,122	24,939,402
Pupil Transportation Services	-	21,547	195,857
Food Services	-	524,447	524,447
Central Services	6,866	-	292,772
Insurance	31,434	-	343,758
Other Support Services	-	14,789	277,284
Total Support Services	<u>21,699,144</u>	<u>1,105,607</u>	<u>32,958,263</u>
Debt Service:			
Principal	-	505,000	2,456,193
Interest and Fiscal Charges	524	156,595	1,652,518
Total Debt Service	<u>524</u>	<u>661,595</u>	<u>4,108,711</u>
Community Service	-	1,346,453	1,346,453

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	General	Referendum Debt Service Fund
EXPENDITURES (CONTINUED)		
Nonprogram:		
General Tuition Payments	\$ 824,367	\$ -
Post Second Scholarships	-	-
Special Education Tuition Payments	253,625	-
Adjustments and Refunds	40,862	-
Total Nonprogram	1,118,854	-
 Total Expenditures	 28,373,066	 3,323,214
 Excess of Revenues Over (Under) Expenditures	 978,442	 (51,436)
OTHER FINANCING SOURCES (USES)		
Long-Term Debt Issued	-	-
Premium on Debt Issued	-	108,000
Payment to Current Bondholder	-	-
Transfers Out	(239,857)	-
Total Other Financing Sources (Uses)	(239,857)	108,000
NET CHANGE IN FUND BALANCES	738,585	56,564
Fund Balances - Beginning of Year	2,680,051	3,211,896
FUND BALANCES - END OF YEAR	\$ 3,418,636	\$ 3,268,460

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (CONTINUED)
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Capital Projects	Other Governmental Funds	Totals
	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES (CONTINUED)			
Nonprogram:			
General Tuition Payments	\$ -	\$ 5,000	\$ 829,367
Post Second Scholarships	-	19,400	19,400
Special Education Tuition Payments	-	-	253,625
Adjustments and Refunds	-	8,819	49,681
Total Nonprogram	<u>-</u>	<u>33,219</u>	<u>1,152,073</u>
 Total Expenditures	<u>21,699,668</u>	<u>3,368,373</u>	<u>56,764,321</u>
 Excess of Revenues Over (Under) Expenditures	(21,331,596)	1,201,861	(19,202,729)
 OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	25,000,000	3,875,000	28,875,000
Premium on Debt Issued	-	95,431	203,431
Payment to Current Bondholder	-	(3,890,000)	(3,890,000)
Transfers Out	<u>-</u>	<u>239,857</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>25,000,000</u>	<u>320,288</u>	<u>25,188,431</u>
 NET CHANGE IN FUND BALANCES	3,668,404	1,522,149	5,985,702
 Fund Balances - Beginning of Year	<u>5,136,089</u>	<u>1,451,291</u>	<u>12,479,327</u>
 FUND BALANCES - END OF YEAR	<u>\$ 8,804,493</u>	<u>\$ 2,973,440</u>	<u>\$ 18,465,029</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
RECONCILIATION TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances as Shown on Previous Page \$ 5,985,702

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

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

Capital Assets Reported as Expenditures Reported in Governmental Fund Statements	24,796,016
Depreciation Expense Reported in the Statement of Activities	(1,687,611)

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

Long-Term Debt Issued	(28,875,000)
Premium on Debt Issued	(203,431)
Principal Repaid	6,260,000
Capital Leases Paid	86,193

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Accrued Interest on Long-Term Debt	30,113
Amortization of Premiums, Discounts and Loss on Advance Refunding	248,046
Compensated Absences	28,297
Net Pension Liability (Asset)	1,836,558
Deferred Outflows of Resources Related to Pensions	5,270,390
Deferred Inflows of Resources Related to Pensions	(5,229,839)
Other Postemployment Benefits	680,970
Deferred Outflows of Resources Related to Other Postemployment Benefits	(20,339)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(730,117)

Change in Net Position of Governmental Activities as Reported in the Statement of Activities	<u>\$ 8,475,948</u>
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**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022**

	Private Purpose Trust	Employee Benefit Trust	Custodial Student Activity	Totals
ASSETS				
Cash and Investments	\$ 2,116,011	\$ 8,348,249	\$ 24,458	\$ 10,488,718
LIABILITIES				
Accounts Payable	900	377,916	4,660	383,476
Due to Parent Organizations	-	-	75	75
Total Liabilities	<u>900</u>	<u>377,916</u>	<u>4,735</u>	<u>383,551</u>
NET POSITION				
Restricted	<u>\$ 2,115,111</u>	<u>\$ 7,970,333</u>	<u>\$ 19,723</u>	<u>\$ 10,105,167</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Private Purpose Trust	Employee Benefit Trust	Custodial Student Activity	Totals
ADDITIONS				
Other Local Sources	\$ 30,000	\$ -	\$ 24,564	\$ 54,564
Contributions:				
Employer	-	356,989	-	356,989
Other Contributions	-	3,530	-	3,530
Investment Earnings	347,430	105,804	-	453,234
Total Additions	<u>377,430</u>	<u>466,323</u>	<u>24,564</u>	<u>868,317</u>
DEDUCTIONS				
Trust Fund Disbursements	194,238	366,392	-	560,630
Administrative Expenditures	-	5,619	-	5,619
Custodial Expenditures	-	-	22,337	22,337
Refunds and Adjustments	597,203	-	-	597,203
Total Deductions	<u>791,441</u>	<u>372,011</u>	<u>22,337</u>	<u>1,185,789</u>
CHANGE IN NET POSITION	(414,011)	94,312	2,227	(317,472)
Net Position - Beginning of Year	<u>2,529,122</u>	<u>7,876,021</u>	<u>17,496</u>	<u>10,422,639</u>
NET POSITION - END OF YEAR	<u>\$ 2,115,111</u>	<u>\$ 7,970,333</u>	<u>\$ 19,723</u>	<u>\$ 10,105,167</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Governmental funds include general, special revenue, debt service and capital projects funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The District reports the following major governmental funds:

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

Referendum Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt related to referendum projects.

Capital Projects Fund – This fund accounts for the expenditures related to the recently passed referendum.

Additionally, the District reports the following fund types:

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

The employee benefit trust fund is used to account for resources legally held in trust for other postemployment benefits.

The student activity custodial fund is used to account for parent organization activity.

C. Measurement Focus and Basis of Accounting

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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.

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

1. Cash and Investments

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Property Taxes

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

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

3. Accounts Receivable

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

4. Interfund Receivables and Payables

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Prepaid Items

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

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

6. Capital Assets

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

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

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

Assets	Governmental Activities
Land Improvements	20 Years
Buildings and Improvements	50 Years
Machinery and Equipment	5 - 20 Years

7. Compensated Absences

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

8. Deferred Outflows/Inflows of Resources

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

9. Long-Term Obligations

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

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

10. Pensions

Wisconsin Retirement System

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

10. Pensions (Continued)

Supplemental Pension Plan

Qualifying teachers and administrators are provided with a supplemental pension. The supplemental pension is a single employer defined benefit plan administered by the District. For purposes of measuring the supplemental pension liability, related deferred outflows and inflows and pension expense, the District has used values provided by their actuary. Benefit payments are recognized when due and payable in accordance with the benefit terms.

11. Other Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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.

12. Fund Equity

Governmental Fund Financial Statements

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

- **Nonspendable Fund Balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted Fund Balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance.** Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

12. Fund Equity (Continued)

Governmental Fund Financial Statements (Continued)

- **Assigned Fund Balance.** Amounts that are constrained for specific purposes by action of District management. The Board of Education has not authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned Fund Balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

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

District-Wide Financial Statements

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

- **Net investment in Capital Assets.** Amount of capital assets, net of accumulated depreciation, and capital related deferred outflows of resources less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and any capital related deferred inflows of resources.
- **Restricted Net Position.** Amount of net position that is subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position.** Net position that is neither classified as restricted nor as net investment in capital assets.

E. Use of Estimates

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

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

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

Time deposits; repurchase agreements; securities issued by federal, state, and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the District's cash and investments totaled \$30,262,361 on June 30, 2022 as summarized below:

Petty Cash and Cash on Hand	\$	200
Deposits with Financial Institutions		1,766,745
Investments:		
Wisconsin Investment Series Cooperative (WISC):		
Cash Management Series		2,255,464
Investment Series		14,068,427
Limited Term Duration		1,750,680
Exchange Traded Funds		1,310,916
Mutual Funds - Fixed Income		329,173
Money Market Mutual Funds		11,907
Mutual Funds - Equities		398,465
Annuity Contract		8,370,384
Total		\$ 30,262,361

Reconciliation to the basic financial statements:

Government-Wide Statement of Net Position:		
Cash and Investments	\$	19,773,643
Fiduciary Fund Statement of Net Position:		
Private Purpose Trust		2,116,011
Employee Benefit Trust		8,348,249
Custodial Fund - Pupil Activity		24,458
Total		\$ 30,262,361

The investment balance of the WISC Cash Management Series is \$3,568,874. The difference between the book balance of \$2,255,454 and investment balance of \$3,568,874 is outstanding checks drawn on the Cash Management Series at year end.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

The investment balance of the WISC Investment Series is \$14,149,664. The difference between the book balance of \$14,068,427 and investment balance of \$14,149,664 is outstanding checks drawn on the Investment Series at year end.

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of June 30, 2022:

	Fair Value Measurements Using:		
	Level 1	Level 2	Level 3
Investments:			
Exchange Traded Funds	\$ 1,310,916	\$ -	\$ -
Mutual Funds - Fixed Income	329,173	-	-
Mutual Funds - Equities	398,465	-	-
Total	\$ 2,038,554	\$ -	\$ -

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

Custodial Credit Risk

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

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

Custodial Credit Risk (Continued)

Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of June 30, 2022, none of the District's deposits with financial institutions were in excess of federal and state depository insurance limits.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin Statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of the year-end for each investment type.

Investment Type	Amount	Exempt from Disclosure	AAA	Aa	Not Rated
Mutual Funds - Fixed Income	\$ 329,173	\$ -	\$ -	\$ 329,173	\$ -
Money Market Mutual Funds	11,907	-	-	-	11,907
Wisconsin Investment Series					
Cooperative (WISC):					
Cash Management Series	2,255,464	-	2,255,464	-	-
Investment Series	14,068,427	-	14,068,427	-	-
Limited Term Duration Series	1,750,680	-	1,750,680	-	-
Totals	<u>\$ 18,415,651</u>	<u>\$ -</u>	<u>\$ 18,074,571</u>	<u>\$ 329,173</u>	<u>\$ 11,907</u>

Concentration of Credit Risk

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% or 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.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. 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:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Mutual Funds - Fixed Income	\$ 329,173	\$ -	\$ 268,565	\$ 60,608	\$ -
Money Market Mutual Funds	11,907	11,907	-	-	-
Wisconsin Investment Series Cooperative (WISC):					
Cash Management Series	2,255,464	2,255,464	-	-	-
Investment Series	14,068,427	14,068,427	-	-	-
Limited Term Duration Series	1,750,680	1,750,680	-	-	-
Totals	<u>\$ 18,415,651</u>	<u>\$ 18,086,478</u>	<u>\$ 268,565</u>	<u>\$ 60,608</u>	<u>\$ -</u>

Investments

The District has established an employee benefit trust fund to pay retiree's postretirement benefits. The trust has \$8,059,884 invested in the fixed interest annuities, which are reported at amortized cost, with American United Life Insurance Company® (AUL), a OneAmerica® Company. These fixed interest annuities are backed by AUL's general account assets. AUL bears the investment risk for the AUL Fixed Interest Account values and for paying interest. The difference between the book balance of \$8,370,384 and investment balance of \$8,059,884 is deposits in transit at year end.

Investment in Wisconsin Investment Series Cooperation

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$19,469,218 at year-end consisting of \$3,568,874 invested in the Cash Management Series, \$14,149,664 invested in the Investment Series, and \$1,750,680 in Limited Term Duration. In addition, there is \$1,248,200 in certificates of deposit reported in deposits with financial institutions. The book value of the Cash Management Series is \$2,255,464 and the book value of the investment series is \$14,068,427. The Cash Management Series has no minimum investment period, allows check writing privileges, and the average dollar weighted maturity is 90 days or less. The Investment Series requires a 14-day minimum investment period and one business day withdrawal notice, and the average dollar weighted maturity is 120 days or less. The Limited Term Duration Series requires a 30-day notice for quarterly withdrawals based on predetermined withdrawal dates.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. Cash and Investments (Continued)

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

B. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Nondepreciable:				
Land	\$ 44,000	\$ -	\$ -	\$ 44,000
Construction in Progress	35,641,740	21,699,667	42,973,435	14,367,972
Total Capital Assets, Nondepreciable	35,685,740	21,699,667	42,973,435	14,411,972
Capital Assets, Depreciable:				
Land Improvements	7,173,398	1,022,617	-	8,196,015
Buildings and Improvements	32,290,870	45,007,515	-	77,298,385
Machinery and Equipment	6,731,807	39,652	5,600	6,765,859
Subtotals	46,196,075	46,069,784	5,600	92,260,259
Less Accumulated Depreciation for:				
Land Improvements	3,380,716	387,812	-	3,768,528
Buildings and Improvements	15,011,171	1,163,948	-	16,175,119
Machinery and Equipment	6,177,323	135,851	5,600	6,307,574
Subtotals	24,569,210	1,687,611	5,600	26,251,221
Total Capital Assets, Depreciable, Net	21,626,865	44,382,173	-	66,009,038
Governmental Activities Capital Assets, Net	\$ 57,312,605	\$ 66,081,840	\$ 42,973,435	80,421,010
Less: Capital Related Debt, net of unspent bond proceeds and accounts payable				53,405,507
Less: Debt Premium				2,214,484
Net Investment in Capital Assets				\$ 24,801,019

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Interfund Receivables, Payables, and Transfers

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

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 239,857
Special Projects Fund	239,857	-
Total	<u>\$ 239,857</u>	<u>\$ 239,857</u>
To Reimburse Special Projects Fund	<u>\$ 239,857</u>	

D. Short-Term Obligations

The District issued tax and revenue anticipation promissory notes in advance of property tax collections. The notes are needed because District expenses for the year begin in July whereas tax collections are not received until January. Short-term debt activity for the year ended June 30, 2022 was as follows:

	Outstanding 7/1/21	Issued	Retired	Outstanding 6/30/22
Tax and Revenue Anticipation Notes	\$ -	\$ 3,250,000	\$ 3,250,000	\$ -

Total interest paid for the year on short-term debt totaled \$24,917.

E. Long-Term Obligations

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

	Beginning Balance	Issued	Retired	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds	\$ 42,915,000	\$ 3,875,000	\$ 6,260,000	\$ 40,530,000	\$ 2,910,000
Bond Anticipation Notes	-	25,000,000	-	25,000,000	-
Debt Premium	2,306,199	203,431	248,046	2,261,584	-
Capital Leases	86,193	-	86,193	-	-
Compensated Absences	69,614	21,357	49,654	41,317	10,329
Governmental Activities Long-Term Obligations	<u>\$ 45,377,006</u>	<u>\$ 29,099,788</u>	<u>\$ 6,643,893</u>	<u>\$ 67,832,901</u>	<u>\$ 2,920,329</u>

Total interest paid during the year on long-term debt totaled \$1,458,417.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance June 30, 2022
General Obligation Bonds	04/01/15	10/01/35	3.00-3.95%	\$ 5,055,000	\$ 3,320,000
School Improvement Bonds	07/01/19	04/01/39	3.00-4.00%	40,000,000	33,335,000
General Obligation Refunding Bonds	07/06/21	10/01/28	1.00-2.00%	3,875,000	<u>3,875,000</u>
Total Outstanding General Obligation Debt					<u>\$ 40,530,000</u>

Annual principal and interest maturities of the outstanding general obligation debt of \$40,530,000 on June 30, 2022 are detailed below:

<u>Year Ended June 30,</u>	Governmental Activities		
	Principal	Interest	Total
2023	\$ 2,910,000	\$ 1,281,261	\$ 4,191,261
2024	2,155,000	1,204,761	3,359,761
2025	2,360,000	1,151,411	3,511,411
2026	2,435,000	1,076,386	3,511,386
2027	2,515,000	998,611	3,513,611
2028-2032	12,140,000	3,640,003	15,780,003
2033-2037	11,090,000	1,764,940	12,854,940
2038-2039	4,925,000	222,750	5,147,750
Total	<u>\$ 40,530,000</u>	<u>\$ 11,340,123</u>	<u>\$ 51,870,123</u>

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

Bond Anticipation Notes

Bond anticipation notes currently outstanding is detailed as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance June 30, 2022
Bond Anticipation Notes	7/6/21	10/1/23	0.45%	\$ 25,000,000	<u>\$ 25,000,000</u>

Annual principal and interest maturities of the outstanding bond anticipation notes of \$25,000,000 on June 30, 2022 are detailed below:

<u>Year Ended June 30,</u>	Governmental Activities		
	Principal	Interest	Total
2023	\$ -	\$ 112,500	\$ 112,500
2024	25,000,000	56,250	25,056,250
Total	<u>\$ 25,000,000</u>	<u>\$ 168,750</u>	<u>\$ 25,168,750</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Obligations (Continued)

Legal Margin for New Debt

The District's legal margin for creation of additional general obligation debt on June 30, 2022 was \$147,746,769 as follows:

Equalized Valuation of the District	\$ 1,882,767,694
Statutory Limitation Percentage	<u>10%</u>
General Obligation Debt Limitation, Per Section 67.03 of the Wisconsin Statutes	188,276,769
Total Outstanding General Obligation Debt Applicable to Debt Limitation	<u>40,530,000</u>
Legal Margin for New Debt	<u><u>\$ 147,746,769</u></u>

Current Refunding

During July of 2021, the District currently refunded \$3,890,000 of general obligation bonds issued during 2013. The District issued general obligation refunding bonds in the amount of \$3,875,000 which were utilized to call the refunded debt. This current refunding was undertaken to reduce total debt service payments over the next 7 years by \$139,002. The economic gain (difference between the present value of the debt service payments of the refunded and refunding debt) is \$209,016.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans

The District reports pension related balances as of and for the year ended June 30, 2022, as summarized below:

	Net Pension Asset	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Expense (Revenue)
Wisconsin Retirement System (WRS)	\$ 8,332,505	\$ -	\$ 15,695,043	\$ 19,630,750	\$ (731,972)
Supplemental or Stipend Pension Plan	-	867,866	35,443	199,545	96,548
Total	<u>\$ 8,332,505</u>	<u>\$ 867,866</u>	<u>\$ 15,730,486</u>	<u>\$ 19,830,295</u>	<u>\$ (635,424)</u>

1. WRS Pension Plan Description

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

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

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

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

Employees who retire at or after age 65 (54 for protective occupations and 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to a retirement benefit based on a formula factor, their final average earnings, and creditable service.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

1. WRS Pension Plan Description (Continued)

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

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

The WRS also provides death and disability benefits for employees.

2. Postretirement Adjustments

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

<u>Year</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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

3. 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 year ending June 30, 2022, the WRS recognized \$1,128,121 in contributions from the District.

Contribution rates as of June 30, 2022 are:

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

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

At June 30, 2022, the District reported an asset of \$8,332,505 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 0.10337860%, which was an decrease of 0.00236658% from its proportion measured as of December 31, 2020.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

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

For the year ended June 30, 2022, the District recognized pension revenue of \$731,972.

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 Expected and Actual Experience	\$ 13,460,740	\$ 970,664
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	18,640,506
Changes in Assumptions	1,554,560	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	9,449	19,580
Employer Contributions Subsequent to the Measurement Date	670,294	-
Total	<u>\$ 15,695,043</u>	<u>\$ 19,630,750</u>

\$670,294 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Expense</u>
2023	\$ (392,801)
2024	(2,263,996)
2025	(997,093)
2026	(952,111)
Total	<u>\$ (4,606,001)</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

5. Actuarial Assumptions

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

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

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

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

5. Actuarial Assumptions (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:

	Current Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core Fund Asset Class:			
Global Equities	52.0%	6.8%	4.2%
Fixed Income	25.0%	4.3%	1.8%
Inflation Sensitive Assets	19.0%	2.7%	20.0%
Real Estate	7.0%	5.6%	3.0%
Private Equity/Debt	12.0%	9.7%	7.0%
Cash	-15.0%	0.9%	N/A
Total Core Fund	100.0%	6.6%	4.0%
Variable Fund Asset Class:			
U.S. Equities	70.0%	6.3%	3.7%
International Equities	30.0	7.2%	4.6%
Total Variable Fund	100.0%	6.8%	4.2%

New England Pension Consultants Long-Term US CPI (Inflation) Forecast: 2.40%

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

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

5. Actuarial Assumptions (Continued)

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

Sensitivity of The District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8% as well as what the District’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8) or 1-percentage-point higher (7.8) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.8%)
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,912,503	\$ (8,332,505)	\$ (18,586,261)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Payable to the Pension Plan

At June 30, 2022, the District reported a payable of \$380,871 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2022.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

6. Supplemental or Stipend Pension Plan

Pension Description

The plan, a single-employer pension plan, is a defined benefit pension plan established to provide a cash stipend to some retirees. The plan is administered by the District. No assets are accumulated in a trust. The Plan does not issue separate financial statements.

Benefits Provided

A summary of eligibility requirements and plan benefits follows:

Administrators retiring on or after July 1, 2014 who were at least age 55 (if hired prior to July 1, 2007) or 57 (if hired on or after July 1, 2007) will receive a lump-sum payment in cash upon retirement equal to one week of pay per year of service, not to exceed 25 years of service.

Teachers retiring on or after July 1, 2014 who were at least age 57 will receive a lump-sum payment in cash upon retirement equal to the sum of the following: the daily rate of pay times years of services plus a flat dollar amount based on years of services: 15-24 years \$1,000, 25-29 years \$2,000, 30-34 years \$3,000, and more than 35 years \$3,500.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefit Payments	8
Active Employees	196
Total	204

Funding Policy

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

6. Supplemental or Stipend Pension Plan (Continued)

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

<u>Component</u>	<u>Amount</u>
Total Pension Liability at July 1, 2021	\$ 973,737
Changes for the Year:	
Service Cost	92,016
Interest	21,681
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	(50,520)
Changes of Assumptions or Other Input	(56,744)
Benefit Payments	(112,304)
Net Changes	<u>(105,871)</u>
Total Pension Liability at June 30, 2022	<u>\$ 867,866</u>

For the year ended June 30, 2022, the District recognized pension expense of \$96,548.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 106,076
Changes in Assumptions	35,443	93,469
Total	<u>\$ 35,443</u>	<u>\$ 199,545</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

6. Supplemental or Stipend Pension Plan (Continued)

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

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

<u>Year Ended June 30,</u>	<u>Expense</u>
2023	\$ (17,149)
2024	(17,149)
2025	(17,149)
2026	(17,149)
2027	(17,149)
Thereafter	(78,357)
Total	<u>\$ (164,102)</u>

Actuarial Assumptions

The District's total pension liability was measured as of June 30, 2022.

The total pension 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:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Salary, Open Basis
Actuarial Assumptions:	
Discount Rate	3.50%
Inflation	2.50%

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from 2015 to 2017. The total pension liability for June 30, 2022 is based upon a roll-forward of the liability calculated from the June 30, 2021 actuarial valuation.

Mortality assumptions are based on the Wisconsin 2018 Mortality Table adjustment for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%).

Single Discount Rate – A single discount rate of 3.50% was used to measure the total pension liability. This single discount rate was based on the Bond Buyer 20-Bond GO Index.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Pension Plans (Continued)

6. Supplemental or Stipend Pension Plan (Continued)

Actuarial Assumptions (Continued)

Sensitivity of the District's Total Pension Liability to Changes in the Discount Rate – The following presents the District's total pension liability at June 30, 2022 calculated using the discount rate of 3.50%, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate.

	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
Total Pension Liability	\$ 913,093	\$ 867,866	\$ 824,170

Payable to the Supplemental Pension Plan

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

G. Other Postemployment Benefits

Plan Description

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

Benefits Provided

The District provides medical (including prescription drugs) coverage for retired employees through the District's self-insured plans.

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	23
Active Employees	186
Total	209

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Contributions

Certain retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly towards the cost of insurance premiums based on the employee group and their retirement date. District paid medical and dental benefits are paid until the retiree or surviving spouse becomes eligible for Medicare.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

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

Inflation:	2.50%
Salary Increases:	3.00%
Investment Rate of Return:	3.50%
Healthcare Cost Trend Rates:	6.50% Decreasing by 0.10% Per Year Down to 5.0% and Level Thereafter

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the "Wisconsin Retirement System 2015 - 2017 Experience Study."

The long-term expected rate of return on OPEB plan investments was valued at 3.50%. A blend of expected earnings on District funds and the current yield for 20-year tax-exempt AA Municipal bond rate or higher 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 3.50%. 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.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2021	\$ 2,172,131	\$ 101,502	\$ 2,070,629
Changes for the Year:			
Service Cost	195,247	-	195,247
Interest	49,971	-	49,971
Differences Between Expected and Actual Experience	(548,130)	-	(548,130)
Contributions - Employer	-	97,685	(97,685)
Changes in Assumptions or Other Input	(278,776)	-	(278,776)
Net Investment Income	-	1,597	(1,597)
Benefit Payments	(97,685)	(97,685)	-
Net Changes	<u>(679,373)</u>	<u>1,597</u>	<u>(680,970)</u>
Balance at June 30, 2022	<u>\$ 1,492,758</u>	<u>\$ 103,099</u>	<u>\$ 1,389,659</u>

OPEB Expense

For the year ended June 30, 2022, the District recognized OPEB expense of \$167,171.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 606,105
Changes in Assumptions	161,509	250,898
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	309	-
Total	<u>\$ 161,818</u>	<u>\$ 857,003</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

OPEB Expense (Continued)

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 Ended June 30,</u>	<u>Expense</u>
2023	\$ (75,761)
2024	(76,639)
2025	(76,189)
2026	(76,114)
2027	(76,253)
2028 - 2032	(314,229)
Total	<u>\$ (695,185)</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

	1% Decrease to Discount Rate (2.50%)	Current Discount Rate (3.50%)	1% Increase to Discount Rate (4.50%)
Net OPEB Liability	\$ 1,478,198	\$ 1,389,659	\$ 1,305,272

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 4.0%) or 1-percentage-point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (5.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% Decreasing to 5.0%)	1% Increase (7.5% Decreasing to 6.0%)
Net OPEB Liability	\$ 1,274,035	\$ 1,389,659	\$ 1,579,797

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

OPEB Expense (Continued)

OPEB Plan Fiduciary Net Position – Information about the OPEB plan’s fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements. The portion of net position in the Employee Benefit Trust Fund related to the District’s OPEB plan totals \$103,099 and which represents 6.91% of the total OPEB liability.

Investments – The Plan does not have a separate investment policy from the District. At June 30, 2022, the Plan asset allocation policy is to invest Plan assets in the fixed interest annuities with American United Life Insurance Company® (AUL), a OneAmerica® Company. These fixed interest annuities are backed by AUL’s general account assets. AUL bears the investment risk for the AUL Fixed Interest Account values and for paying interest. Plan investments have an expected rate of return of approximately 3.50%. For the year ended June 30, 2022, the annual money-weighted rate of return, net of investment expenses, was 0.09%, and this is assumed to be the best estimate of the long-term arithmetic rate of return for the Plan’s investments.

Payable to the OPEB Plan

At June 30, 2022, the District reported a payable of \$-0- for the outstanding amount of contribution to the Plan required for the year ended June 30, 2022.

H. Fund Equity

Nonspendable Fund Balance

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

	General	Capital Projects	Nonmajor
Nonspendable:			
Prepaid Items	\$ 21,311	\$ -	\$ 6,960

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Restricted Fund Balance

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

General Fund:	
Restricted for:	
Grant Funds	\$ 33,559
Special Revenue Funds:	
Restricted for:	
Community Service	820,685
Food Service	562,231
Debt Service Funds:	
Restricted for:	
Nonreferendum Debt Service	179,496
Referendum Debt Service	3,268,460
Capital Projects Fund:	
Restricted for:	
Capital Projects	<u>9,576,361</u>
Total Restricted Fund Balance	<u>\$ 14,440,792</u>

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by School Board action. At June 30, 2022, fund balance was committed as follows:

General Fund:	
Committed for:	
Capital Asset Purchases	\$ 26,964
Special Revenue Funds:	
Committed for:	
Donations	<u>632,200</u>
Total Committed Fund Balance	<u>\$ 659,164</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Minimum General Fund Balance Policy

The District has also adopted a minimum fund balance policy of 10 - 25% of subsequent year budgeted expenditures for the General Fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

Actual 2022 General Fund Expenditures	\$	28,373,066
Minimum Fund Balance %		10 - 25%
Minimum Fund Balance Amount		<u>\$2,837,307 - \$7,093,267</u>

The District's unassigned General Fund balance of \$3,336,802 is within the minimum fund balance range.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage. Settled claims for the last three years have not exceeded insurance coverage.

B. Contingencies and Commitments

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

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

In April, 2019, District residents approved a \$65 million dollar referendum for District-wide facilities projects at all four District schools. During the previous year, the District issued \$40 million of general obligation debt, with \$25 million issued in 21-22. Construction commenced in Spring, 2020 with projected completion by Summer of 2023. As of June 30, 2022, the District has incurred \$56,741,554 of costs.

C. Limitation on School District Revenues

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Property Taxes	\$ 15,970,605	\$ 15,970,605	\$ 15,974,893	\$ 4,288
Other Local Sources	676,869	676,869	589,654	(87,215)
Interdistrict Sources	1,516,964	1,516,964	1,493,031	(23,933)
State Sources	7,787,834	7,787,834	7,748,546	(39,288)
Federal Sources	1,146,771	1,146,771	1,052,376	(94,395)
Other Sources	57,160	57,160	791,054	733,894
Total Revenues	<u>27,156,203</u>	<u>27,156,203</u>	<u>27,649,554</u>	<u>493,351</u>
EXPENDITURES				
Instruction:				
Regular Instruction	12,975,228	12,975,228	12,532,595	442,633
Vocational Instruction	163,850	163,850	170,768	(6,918)
Special Education Instruction	-	-	108,914	(108,914)
Other Instruction	1,097,214	1,097,214	1,223,709	(126,495)
Total Instruction	<u>14,236,292</u>	<u>14,236,292</u>	<u>14,035,986</u>	<u>200,306</u>
Support Services:				
Pupil Services	1,115,248	1,115,248	1,240,502	(125,254)
Instructional Staff Services	1,348,789	1,348,789	1,277,712	71,077
General Administration Services	654,631	654,631	659,040	(4,409)
School Administration Services	1,310,766	1,310,766	1,386,107	(75,341)
Business Services	759,913	759,913	722,328	37,585
Operations and Maintenance of Plant	3,142,320	3,142,320	2,887,179	255,141
Pupil Transportation Services	170,974	170,974	138,819	32,155
Food Services	-	-	-	-
Central Services	210,114	210,114	281,653	(71,539)
Insurance	350,878	350,878	312,324	38,554
Other Support Services	317,784	317,784	262,495	55,289
Total Support Services	<u>9,381,417</u>	<u>9,381,417</u>	<u>9,168,159</u>	<u>213,258</u>
Debt Service:				
Principal	45,501	45,501	86,193	(40,692)
Interest and Fiscal Charges	51,715	51,715	37,185	14,530
Total Debt Service	<u>97,216</u>	<u>97,216</u>	<u>123,378</u>	<u>(26,162)</u>

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
EXPENDITURES (CONTINUED)				
Nonprogram:				
General Tuition Payments	\$ 659,098	\$ 659,098	\$ 824,367	\$ (165,269)
Adjustments and Refunds	2,359	2,359	40,862	(38,503)
Total Nonprogram	<u>661,457</u>	<u>661,457</u>	<u>865,229</u>	<u>(203,772)</u>
 Total Expenditures	 <u>24,376,382</u>	 <u>24,376,382</u>	 <u>24,192,752</u>	 <u>183,630</u>
 Excess of Revenues Over Expenditures	 2,779,821	 2,779,821	 3,456,802	 676,981
OTHER FINANCING SOURCES (USES)				
Premium on Debt Issued	40,000	40,000	-	(40,000)
Transfers Out	<u>(2,836,062)</u>	<u>(2,836,062)</u>	<u>(2,718,217)</u>	<u>117,845</u>
Total Other Financing Sources (Uses)	<u>(2,796,062)</u>	<u>(2,796,062)</u>	<u>(2,718,217)</u>	<u>77,845</u>
 NET CHANGE IN FUND BALANCE	 (16,241)	 (16,241)	 738,585	 754,826
 Fund Balance - Beginning of Year	 <u>2,680,051</u>	 <u>2,680,051</u>	 <u>2,680,051</u>	 <u>-</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 2,663,810</u>	 <u>\$ 2,663,810</u>	 <u>\$ 3,418,636</u>	 <u>\$ 754,826</u>

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND –
BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

	Budget		Actual	Variance
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Intermediate Sources	\$ 2,900	\$ 2,900	\$ -	\$ (2,900)
State Sources	1,037,761	1,037,761	1,107,793	70,032
Federal Sources	624,528	624,528	594,161	(30,367)
Total Revenues	<u>1,665,189</u>	<u>1,665,189</u>	<u>1,701,954</u>	<u>36,765</u>
EXPENDITURES				
Instruction:				
Special Education Instruction	<u>3,145,891</u>	<u>3,145,891</u>	<u>2,941,336</u>	<u>204,555</u>
Support Services:				
Pupil Services	471,163	471,163	501,022	(29,859)
Instructional Staff Services	455,557	455,557	372,904	82,653
General Administration Services	30,958	30,958	63,768	(32,810)
Business Services	-	-	7,915	(7,915)
Operations and Maintenance of Plant	485	485	-	485
Pupil Transportation Services	50,050	50,050	35,491	14,559
Central Services	<u>3,650</u>	<u>3,650</u>	<u>4,253</u>	<u>(603)</u>
Total Support Services	<u>1,011,863</u>	<u>1,011,863</u>	<u>985,353</u>	<u>26,510</u>
Nonprogram:				
Special Education Tuition Payments	<u>216,906</u>	<u>216,906</u>	<u>253,625</u>	<u>(36,719)</u>
Total Expenditures	<u>4,374,660</u>	<u>4,374,660</u>	<u>4,180,314</u>	<u>194,346</u>
Excess of Revenues Under Expenditures	(2,709,471)	(2,709,471)	(2,478,360)	231,111
OTHER FINANCING SOURCES (USES)				
Transfers In	2,710,423	2,710,423	2,478,360	(232,063)
Transfers Out	<u>(952)</u>	<u>(952)</u>	<u>-</u>	<u>952</u>
Total Other Financing Sources (Uses)	<u>2,709,471</u>	<u>2,709,471</u>	<u>2,478,360</u>	<u>(231,111)</u>
NET CHANGE IN FUND BALANCE				
	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ***

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service Cost	\$ 195,247	\$ 190,951	\$ 141,192	\$ 136,289	\$ 136,289
Interest	49,971	46,855	67,502	72,561	80,463
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	(548,130)	-	(155,082)	-	-
Changes of Assumptions	(278,776)	-	195,370	30,522	-
Benefit Payments	(97,685)	(105,294)	(134,783)	(361,516)	(493,421)
Net Change in Total OPEB Liability	(679,373)	132,512	114,199	(122,144)	(276,669)
Total OPEB liability - Beginning	2,172,131	2,039,619	1,925,420	2,047,564	2,324,233
Total OPEB liability - Ending (A)	<u>\$ 1,492,758</u>	<u>\$ 2,172,131</u>	<u>\$ 2,039,619</u>	<u>\$ 1,925,420</u>	<u>\$ 2,047,564</u>
Plan Fiduciary Net Position:					
Contributions - Employer	\$ 97,685	\$ 105,294	\$ 134,783	\$ -	\$ -
Net Investment Income	1,597	3,278	6,548	6,736	13,296
Benefit Payments	(97,685)	(105,294)	(134,783)	(361,516)	(493,421)
Administrative Expenses	-	-	-	-	-
Adjustment	-	(31,051)	-	-	-
Net Change in Plan Fiduciary Net Position	1,597	(27,773)	6,548	(354,780)	(480,125)
Plan Fiduciary Net Position - Beginning	101,502	129,275	122,727	477,507	957,632
Plan Fiduciary Net Position - Ending (B)	<u>\$ 103,099</u>	<u>\$ 101,502</u>	<u>\$ 129,275</u>	<u>\$ 122,727</u>	<u>\$ 477,507</u>
District's Net OPEB Liability - Ending (A) - (B)	<u>\$ 1,389,659</u>	<u>\$ 2,070,629</u>	<u>\$ 1,910,344</u>	<u>\$ 1,802,693</u>	<u>\$ 1,570,057</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	6.91%	4.67%	6.34%	6.37%	23.32%
Covered-Employee Payroll	\$ 16,509,399	\$ 15,532,836	\$ 15,532,836	\$ 14,050,149	\$ 14,050,149
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	8.42%	13.33%	12.30%	12.83%	11.17%
Weighted-Average Investment Income	0.09%	0.16%	0.33%	0.34%	0.61%

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN
LAST 10 FISCAL YEARS ***

	2022	2021	2020	2019	2018
Actuarially Determined					
Contribution (ADC)	\$ 183,086	\$ 253,063	\$ 245,692	\$ 199,615	\$ 193,801
Contributions in Relation to the ADC	97,685	105,294	134,783	-	-
Contribution Deficiency (Excess)	<u>\$ 85,401</u>	<u>\$ 147,769</u>	<u>\$ 110,909</u>	<u>\$ 199,615</u>	<u>\$ 193,801</u>
Covered-Employee Payroll	\$ 16,509,399	\$ 15,532,836	\$ 15,532,836	\$ 14,050,149	\$ 14,050,149
Contributions as a Percentage of Covered-Employee Payroll	0.59%	0.68%	0.87%	0.00%	0.00%
Key Methods and Assumption Used to Calculate ADC					
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Market Value	Market Value	Market Value	Market Value	Market Value
Amortization Method	30 Year Level	30 Year Level	30 Year Level	30 Year Level	30 Year Level
	Percentage	Percentage	Percentage	Percentage	Percentage
Discount Rate	3.50%	2.25%	2.25%	3.50%	3.75%
Amortization Growth Rate	3.00%	3.00%	3.00%	3.00%	3.00%
Inflation	2.50%	2.00%	2.00%	2.50%	2.50%

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LAST 10 MEASUREMENT PERIODS**

Measurement Period Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
12/31/14	0.09937690%	\$ (2,440,970)	\$ 13,959,685	17.49%	102.74%
12/31/15	0.10134680%	1,646,966	14,867,318	11.08%	98.20%
12/31/16	0.10385620%	856,023	15,385,293	5.56%	99.12%
12/31/17	0.10539545%	(3,129,315)	15,612,340	20.04%	102.93%
12/31/18	0.10629260%	3,781,557	16,494,000	22.93%	96.45%
12/31/19	0.10646772%	(3,433,005)	17,122,529	20.05%	102.96%
12/31/20	0.10574518%	(6,601,818)	17,230,590	38.31%	105.26%
12/31/21	0.10337860%	(8,332,505)	17,315,521	48.12%	106.02%

**SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS**

District Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
6/30/15	\$ 1,060,610	\$ 1,060,610	\$ -	\$ 15,430,745	6.87%
6/30/16	959,565	959,565	-	14,384,432	6.67%
6/30/17	1,030,060	1,030,060	-	15,327,269	6.72%
6/30/18	1,088,468	1,088,468	-	16,150,536	6.74%
6/30/19	1,104,518	1,104,518	-	16,711,018	6.61%
6/30/20	1,158,333	1,158,333	-	17,366,845	6.67%
6/30/21	1,164,897	1,164,897	-	17,257,727	6.75%
6/30/22	1,128,121	1,128,121	-	17,090,979	6.60%

See accompanying Notes to Required Supplementary Information.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF CHANGES IN PENSION LIABILITY AND RELATED RATIOS
SUPPLEMENTAL PENSION
LAST 10 FISCAL YEARS ***

	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:							
Service Cost	\$ 92,016	\$ 89,991	\$ 67,579	\$ 65,363	\$ 67,152	\$ 70,192	\$ 74,781
Interest	21,681	20,483	29,040	29,786	21,568	21,645	20,364
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(50,520)	-	(2,258)	-	(93,776)	-	-
Changes in Assumptions	(56,744)	-	36,497	10,643	(66,770)	-	-
Benefit Payments	(112,304)	(4,152)	(118,709)	(24,257)	(117,177)	(34,841)	(33,111)
Net Change in Total Pension Liability	(105,871)	106,322	12,149	81,535	(189,003)	56,996	62,034
Total OPEB Liability - Beginning	973,737	867,415	855,266	773,731	962,734	905,738	843,704
Total OPEB Liability - Ending	<u>\$ 867,866</u>	<u>\$ 973,737</u>	<u>\$ 867,415</u>	<u>\$ 855,266</u>	<u>\$ 773,731</u>	<u>\$ 962,734</u>	<u>\$ 905,738</u>
Covered-Employee Payroll	\$ 14,118,518	\$ 12,877,745	\$ 12,877,745	\$ 11,088,313	\$ 11,088,313	\$ 11,455,490	\$ 11,286,199
District's Net Pension Liability as a Percentage of Covered-Employee Payroll	6.15%	7.56%	6.74%	7.71%	6.98%	8.40%	8.03%

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 OTHER POSTEMPLOYMENT BENEFITS

Single-Employer Defined Benefit Postemployment Benefit Plan

There is no change of benefit terms.

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The District is required to present the last 10 fiscal years of data; however, accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

NOTE 2 PENSION BENEFITS

Wisconsin Retirement System (WRS)

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

Changes of assumptions:

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

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

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

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

The amounts reported for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. The District is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until 10 fiscal years are presented.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 2 PENSION BENEFITS (CONTINUED)

Supplemental Pension Plan

There is no change of benefit terms.

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

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budgetary Information

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

	<u>General</u>	<u>Special Education Fund</u>
Revenues:		
Actual Amounts (Budgetary Basis)	\$ 27,649,554	\$ 1,701,954
Reclassification of Special Education Fund	<u>1,701,954</u>	<u>(1,701,954)</u>
Total Revenues	29,351,508	-
Expenditures:		
Actual Amounts (Budgetary Basis)	24,192,752	4,180,314
Reclassification of Special Education Fund	<u>4,180,314</u>	<u>(4,180,314)</u>
Total Expenditures	28,373,066	-
Excess of Revenues Over (Under) Expenditures:		
Actual Amounts (Budgetary Basis)	3,456,802	(2,478,360)
Reclassification of Special Education Fund	<u>(2,478,360)</u>	<u>2,478,360</u>
Excess of Revenues Over (Under) Expenditures	978,442	-
Other Financing Sources (Uses):		
Actual Amounts (Budgetary Basis)	(2,718,217)	2,478,360
Reclassification of Special Education Fund	<u>2,478,360</u>	<u>(2,478,360)</u>
Total Other Financing Sources (Uses)	<u>(239,857)</u>	-
Net Change In Fund Balance:		
Actual Amounts (Budgetary Basis)	<u>738,585</u>	-
Fund Balance - Beginning of Year:		
Actual Amounts (Budgetary Basis)	<u>2,680,051</u>	-
Fund Balance - End of Year:		
Actual Amounts (Budgetary Basis)	<u>\$ 3,418,636</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Special Revenue		
	Donations	Community Service	Food Service
ASSETS			
Cash and Investments	\$ 592,325	\$ 902,928	\$ 517,472
Receivables:			
Accounts	41,392	6,320	-
Due from Other Governments	-	-	122,345
Prepaid Items	-	6,960	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 633,717</u>	<u>\$ 916,208</u>	<u>\$ 639,817</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 1,517	\$ 28,883	\$ 75,887
Accrued and Other Current Liabilities	-	59,680	-
Unearned Revenues	-	-	1,699
Total Liabilities	<u>1,517</u>	<u>88,563</u>	<u>77,586</u>
FUND BALANCE			
Nonspendable	-	6,960	-
Restricted	-	820,685	562,231
Committed	632,200	-	-
Total Fund Balances	<u>632,200</u>	<u>827,645</u>	<u>562,231</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 633,717</u>	<u>\$ 916,208</u>	<u>\$ 639,817</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Nonreferendum Debt Service Fund	Capital Expansion Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and Investments	\$ 179,496	\$ 771,868	\$ 2,964,089
Receivables:			
Accounts	-	-	47,712
Due from Other Governments	-	-	122,345
Prepaid Items	-	-	6,960
	<u>\$ 179,496</u>	<u>\$ 771,868</u>	<u>\$ 3,141,106</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 106,287
Accrued and Other Current Liabilities	-	-	59,680
Unearned Revenues	-	-	1,699
Total Liabilities	<u>-</u>	<u>-</u>	<u>167,666</u>
FUND BALANCE			
Nonspendable	-	-	6,960
Restricted	179,496	771,868	2,334,280
Committed	-	-	632,200
Total Fund Balances	<u>179,496</u>	<u>771,868</u>	<u>2,973,440</u>
Total Liabilities and Fund Balances	<u>\$ 179,496</u>	<u>\$ 771,868</u>	<u>\$ 3,141,106</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Special Revenue		
	Donations	Community Service	Food Service
REVENUES			
Property Taxes	\$ -	\$ 1,550,000	\$ -
Other Local Sources	324,625	869,661	35,482
Interdistrict Sources	4,006	-	-
State Sources	-	-	19,774
Federal Sources	-	-	889,023
Other Sources	579	2,016	-
Total Revenues	<u>329,210</u>	<u>2,421,677</u>	<u>944,279</u>
EXPENDITURES			
Instruction:			
Regular Instruction	194,205	-	-
Other Instruction	27,294	-	-
Total Instruction	<u>221,499</u>	<u>-</u>	<u>-</u>
Support Services:			
Instructional Staff Services	34,162	-	-
General Administration Services	468	89,275	-
Business Services	-	28,049	748
Operations and Maintenance of Plant	-	389,493	2,629
Pupil Transportation Services	-	21,547	-
Food Services	-	-	524,447
Other Support Services	-	14,789	-
Total Support Services	<u>34,630</u>	<u>543,153</u>	<u>527,824</u>
Debt Service:			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>
Community Service	-	1,346,453	-
Nonprogram:			
General Tuition Payments	5,000	-	-
Post Secondary Scholarships	19,400	-	-
Adjustments and Refunds	-	2,016	6,803
Total Nonprogram	<u>24,400</u>	<u>2,016</u>	<u>6,803</u>
Total Expenditures	<u>280,529</u>	<u>1,891,622</u>	<u>534,627</u>
Excess of Revenues Over (Under) Expenditures	48,681	530,055	409,652
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	-	-	-
Premium on Debt Issued	-	-	-
Payment to Current Bondholder	-	-	-
Transfers Out	239,857	-	-
Total Other Financing Sources (Uses)	<u>239,857</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	288,538	530,055	409,652
Fund Balances - Beginning of Year	<u>343,662</u>	<u>297,590</u>	<u>152,579</u>
FUND BALANCES - END OF YEAR	<u>\$ 632,200</u>	<u>\$ 827,645</u>	<u>\$ 562,231</u>

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Nonreferendum Debt Service Fund	Capital Expansion Fund	Total Nonmajor Governmental Funds
REVENUES			
Property Taxes	\$ 600,069	\$ 274,999	\$ 2,425,068
Other Local Sources	-	-	1,229,768
Interdistrict Sources	-	-	4,006
State Sources	-	-	19,774
Federal Sources	-	-	889,023
Other Sources	-	-	2,595
Total Revenues	<u>600,069</u>	<u>274,999</u>	<u>4,570,234</u>
EXPENDITURES			
Instruction:			
Regular Instruction	-	-	194,205
Other Instruction	-	-	27,294
Total Instruction	<u>-</u>	<u>-</u>	<u>221,499</u>
Support Services:			
Instructional Staff Services	-	-	34,162
General Administration Services	-	-	89,743
Business Services	-	-	28,797
Operations and Maintenance of Plant	-	-	392,122
Pupil Transportation Services	-	-	21,547
Food Services	-	-	524,447
Other Support Services	-	-	14,789
Total Support Services	<u>-</u>	<u>-</u>	<u>1,105,607</u>
Debt Service:			
Principal	505,000	-	505,000
Interest and Fiscal Charges	156,595	-	156,595
Total Debt Service	<u>661,595</u>	<u>-</u>	<u>661,595</u>
Community Service	-	-	1,346,453
Nonprogram:			
General Tuition Payments	-	-	5,000
Post Secondary Scholarships	-	-	19,400
Adjustments and Refunds	-	-	8,819
Total Nonprogram	<u>-</u>	<u>-</u>	<u>33,219</u>
Total Expenditures	<u>661,595</u>	<u>-</u>	<u>3,368,373</u>
Excess of Revenues Over (Under) Expenditures	(61,526)	274,999	1,201,861
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	3,875,000	-	3,875,000
Premium on Debt Issued	95,431	-	95,431
Payment to Current Bondholder	(3,890,000)	-	(3,890,000)
Transfers Out	-	-	239,857
Total Other Financing Sources (Uses)	<u>80,431</u>	<u>-</u>	<u>320,288</u>
NET CHANGE IN FUND BALANCES	18,905	274,999	1,522,149
Fund Balances - Beginning of Year	<u>160,591</u>	<u>496,869</u>	<u>1,451,291</u>
FUND BALANCES - END OF YEAR	<u>\$ 179,496</u>	<u>\$ 771,868</u>	<u>\$ 2,973,440</u>

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



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

Board of Education
Shorewood School District
Shorewood, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shorewood School District, Shorewood, Wisconsin (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

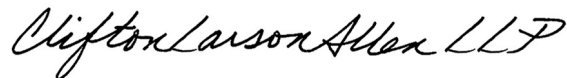
As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

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



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
December 15, 2022

FEDERAL AND STATE AWARDS



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

Board of Education
Shorewood School District
Shorewood, Wisconsin

Report on Compliance for Each Major Federal and Major State Program
Opinion on Each Major Federal and Major State Program

We have audited Shorewood School District, Shorewood, Wisconsin's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *Wisconsin State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and major state programs for the year ended June 30, 2022. The District's major federal and major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

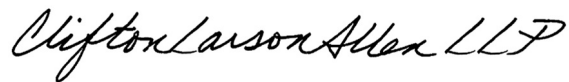
Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Milwaukee, Wisconsin
December 15, 2022

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Grantor Agency/Federal Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Entity Identifying Number	(Accrued) Deferred Revenue 7/1/21	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/22	Total Expenditures	Subrecipient Payments
U.S. DEPARTMENT OF AGRICULTURE								
Child Nutrition Cluster:								
COVID 19 - School Breakfast Program	10.553	WI DPI	2022-405355-DPI-SB-546	\$ (9,611)	\$ 182,135	\$ 22,651	\$ 195,175	\$ -
COVID 19 - School Breakfast Program	10.553	WI DPI	2022-405355-DPI-SB-SEVERE-546	(192)	23,142	6,934	29,884	-
Total School Breakfast Program				<u>(9,803)</u>	<u>205,277</u>	<u>29,585</u>	<u>225,059</u>	<u>-</u>
COVID 19 - National School Lunch Program	10.555	WI DPI	2022-405355-DPI-NSL-547	(16,446)	544,114	92,760	620,428	-
Non-Cash Assistance (Commodities)	10.555	WI DPI	N/A	-	43,536	-	43,536	-
Total National School Lunch Program				<u>(16,446)</u>	<u>587,650</u>	<u>92,760</u>	<u>663,964</u>	<u>-</u>
Total U.S. Department of Agriculture				<u>(26,249)</u>	<u>792,927</u>	<u>122,345</u>	<u>889,023</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION								
Title I Grants to Local Educational Agencies	84.010A	WI DPI	2022-405355-DPI-TIA-141	(22,298)	192,379	78,175	248,256	-
Special Education Cluster (IDEA):								
Special Education Grants to States	84.027A	WI DPI	2022-405355-DPI-FLOW-341	(227,181)	330,903	266,667	370,389	-
Special Education Grants to States	84.027A	WI DPI	2022-405355-DPI-FLOW-341	(21,487)	21,487	37,286	37,286	-
COVID 19 - Special Education Grants to States	84.027A	WI DPI	2022-405355-DPI-FLOW-341	-	81,048	11,237	92,285	-
Total Special Education Grants to States				<u>(248,668)</u>	<u>433,438</u>	<u>315,190</u>	<u>499,960</u>	<u>-</u>
Special Education - Preschool Grants:	84.173A	WI DPI	2022-405355-DPI-PRESCH-347	(3,626)	9,882	-	6,256	-
Total Special Education Cluster (IDEA)				<u>(252,294)</u>	<u>443,320</u>	<u>315,190</u>	<u>506,216</u>	<u>-</u>
English Language Acquisition State Grants	84.365A	WI DPI	2022-405355-DPI-TIIIA-391	(13,993)	13,993	3,164	3,164	-
Improving Teacher Quality State Grants	84.367A	WI DPI	2022-405355-DPI-TIIA-365	(25,000)	51,003	23,077	49,080	-
Student Support and Academic Enrichment Program	84.424A	WI DPI	2022-405355-DPI-TIVA-381	(11,922)	20,712	-	8,790	-
COVID-19 Elementary and Secondary School Emergency Relief I	84.425D	WI DPI	2022-405355-DPI-ESSERF-160	-	10,111	-	10,111	-
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	WI DPI	2022-405355-DPI-ESSERFII-163	-	314,225	98,626	412,851	-
Total Elementary and Secondary School Emergency Relief				<u>-</u>	<u>324,336</u>	<u>98,626</u>	<u>422,962</u>	<u>-</u>
Total U.S. Department of Education				<u>(325,507)</u>	<u>1,045,743</u>	<u>518,232</u>	<u>1,238,468</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Medicaid Cluster:								
Medical Assistance Program	93.778	WI DHS	44234700	-	137,564	-	137,564	-
Total U.S. Department of Health and Human Services				<u>-</u>	<u>137,564</u>	<u>-</u>	<u>137,564</u>	<u>-</u>
Total Federal Programs				<u>\$ (351,756)</u>	<u>\$ 1,976,234</u>	<u>\$ 640,577</u>	<u>\$ 2,265,055</u>	<u>\$ -</u>
RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS								
Federal Sources							\$ 2,535,560	
Federal Revenues Not Included Above							(270,505)	
Total Expenditures of Federal Awards							<u>\$ 2,265,055</u>	

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Grantor Agency/State Program Title	State I.D. Number	Pass-Through Agency	State Identifying Number	(Accrued) Deferred Revenue 7/1/21	Cash Received (Refunded)	Accrued (Deferred) Revenue 6/30/22	Total Expenditures	Subrecipient Payments
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION								
Special Education and School Age Parents	255.101	Direct Program	405355-100	\$ -	\$ 1,099,185	\$ -	\$ 1,099,185	\$ -
Special Education and School Age Parents	255.101	CESA No. 1	N/A	(1,142)	1,142	-	-	-
Total Special Education and School Age Parents				(1,142)	1,100,327	-	1,099,185	-
State School Lunch Aid	255.102	Direct Program	405355-107	-	10,342	-	10,342	-
Common School Fund Library Aid	255.103	Direct Program	405355-104	-	69,533	-	69,533	-
Equalization Aids	255.201	Direct Program	405355-116	(93,439)	6,053,197	-	5,959,758	-
Integration Transfer - Non Resident	255.204	Direct Program	405355-106	-	381,610	-	381,610	-
School Based Mental Health Services	255.297	Direct Program	405355-177	(75,846)	75,846	-	-	-
State School Breakfast Aid	255.344	Direct Program	405355-117	-	9,432	-	9,432	-
Early College Credit Program	255.445	Direct Program	405355-178	-	4,949	-	4,949	-
Educator Effective Evaluation System	255.940	Direct Program	405355-154	(14,080)	14,080	13,680	13,680	-
Per Pupil Aid	255.945	Direct Program	405355-113	-	1,316,308	-	1,316,308	-
Aid for Special Ed Transition Grant BBL	255.960	Direct Program	405355-168	-	8,608	-	8,608	-
Total State Programs				<u>\$ (184,507)</u>	<u>\$ 9,044,232</u>	<u>\$ 13,680</u>	<u>\$ 8,873,405</u>	<u>\$ -</u>

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RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

State Sources	\$ 8,876,113
Less: State Sources not Considered State Financial Assistance	
State Tax-Exempt Aids	(2,708)
Total Expenditures of State Awards	<u>\$ 8,873,405</u>

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

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

NOTE 1 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards for the Shorewood School District are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration.

The schedules of expenditures of federal and state awards include all federal and state awards of the District. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 3 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2021-2022 eligible costs under the State Special Education Program as reported by the District are \$3,555,237. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4 FOOD DISTRIBUTION

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

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

NOTE 5 OVERSIGHT AGENCIES

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

Federal – U.S. Department of Education

State – Wisconsin Department of Public Instruction

NOTE 6 PASS-THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DHS – Wisconsin Department of Health Services

WI DPI – Wisconsin Department of Public Instruction

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I – Summary of the Auditors' Results

Basic Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to basic financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Numbers

84.027A
84.173A

84.425D

Name of Federal Program or Cluster

Special Education Cluster:
Special Education Grants to States
Special Education - Preschool Grants

COVID-19 Elementary and Secondary School
Emergency Relief I and II

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Section I – Summary of the Auditors' Results (Continued)

State Awards

1. Internal control over major state programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified? _____ yes x none reported

2. Type of auditors' report issued on compliance for major state programs Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Guidelines*? _____yes x no

Identification of Major State Programs:

State ID Number

255.101
255.201
255.204

Name of State Programs

Special Education and School Age Parents Part 1
Equalization Aids
Integration Transfer Non Resident

Dollar threshold used to distinguish between Type A and Type B programs: \$ 250,000

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

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

2022-001

**Control Deficiency
Preparation of Annual Financial Report**

Type of Finding

Significant deficiency in internal control over financial reporting

Condition

Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the District had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate.

Criteria or Specific Requirement

The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports.

Effect

The District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

Cause

District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.

Repeat Finding

Repeat of finding 2021-001

Recommendation

We recommend the District continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the District's operations and activities. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings (Continued)

Views of Responsible Officials and Planned Corrective Action

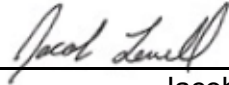
Management agrees with the finding. Management believes that the cost of hiring staff to prepare year-end adjusting and closing entries and to prepare financial reports outweighs the benefits to be received. Management will have the appropriate staff review the adjusting, closing and GASB 34 conversion entries along with the prepared financial reports, as recommended, to obtain an adequate understanding of the District's financial report.

Section III – Federal and State Award Findings and Questioned Costs

There are no audit findings and questioned costs required to be reported under the Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended June 30, 2022.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Section IV – Other Issues

- | | | |
|----|--|---|
| 1. | Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. | Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue, or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> : | |
| | a. Department of Health Services | No |
| | b. Department of Public Instruction | No |
| 3. | Was a management letter or other document conveying audit comments issued as a result of this audit? | Yes |
| 4. | Name and signature of partner | 

Jacob Lenell, CPA |
| 5. | Date of report | December 15, 2022 |



Board of Education
Shorewood School District
Shorewood, Wisconsin

This Executive Audit Summary and Board Communications present information which we believe is important to you as members of the Board of Education. We encourage you to review the sections of this report, the audited financial statements, and the auditors' reports.

We would be pleased to furnish additional information with respect to these suggestions and discuss this memorandum with you at your convenience. We wish to express our appreciation to the District for the courtesies, cooperation, and assistance extended to us during the course of our work.

CliftonLarsonAllen LLP

A handwritten signature in cursive script that reads "Jake Lenell".

Jake Lenell, CPA
Principal

A handwritten signature in cursive script that reads "Amber Drewieske".

Amber Drewieske, CPA
Principal

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN**

**EXECUTIVE AUDIT SUMMARY AND
BOARD COMMUNICATIONS**

YEAR ENDED JUNE 30, 2022

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
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YEAR ENDED JUNE 30, 2022**

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MANAGEMENT REPRESENTATION LETTER	

**EXECUTIVE AUDIT SUMMARY FOR
SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
YEAR ENDED JUNE 30, 2022**

We prepared this Executive Audit Summary in conjunction with our audit of the District's financial statements for the year ended June 30, 2022.

Audit Opinion

The financial statements are fairly stated. We issued what is known as a "clean" audit report.

Internal Controls

Our report on internal control included the following deficiencies in internal controls over financial reporting:

Significant Deficiencies:

- Finding 2022-001 Preparation of Annual Financial Report

In addition, there were no deficiencies in internal control over compliance reported.

Compliance Findings

There were no separate compliance findings reported.

General Fund Balance

The District's General Fund experienced an increase in fund balance of \$738,585 for the year ended June 30, 2022. The ending fund balance of \$3,418,636 at June 30, 2022 represents 12% of expenditures included for the year and is an important aspect in the District's financial well-being since a healthy fund balance represents things such as cash flow and as a cushion against unanticipated expenditures, enrollment fluctuations, and state aid changes.

Budget

The District's General Fund revenues were \$493,351, or 1.82%, more than the final budget, while total expenditures were \$183,630, or 0.75%, less than had been budgeted.



FORMAL REQUIRED COMMUNICATIONS

Board of Education
Shorewood School District
Shorewood, Wisconsin

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Shorewood School District, Shorewood, Wisconsin (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 15, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, Government Auditing Standards, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing was not changed during 2022.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were:

- Useful lives of depreciable capital assets
- Supplemental pension and other postemployment benefits
- Net pension asset/liability (WRS)
- Fair value of investments

Management's estimate of useful lives for depreciable assets is based upon analysis of the expected useful life of the capital assets. The useful life of a depreciable asset determines the amount of depreciation that will be recorded in any given reporting period as well as the amount of accumulated depreciation that is reported at the end of a reporting period.

Management's estimate of the supplemental pension and other postemployment benefits payable and related deferred inflows and deferred outflows of resources is based on assumptions provided and used in the actuarial valuation including: inflation, salary increases, health-care cost trend rates, and mortality rates. The projected benefit payments also include assumptions about retiree and spouse participation rates, and estimates related to the implicit rate subsidy, which is the estimated increased cost of premiums due to inclusion of retirees in the same plan as the District's active employees.

Management's estimate of the net pension asset/liability related deferred inflows and deferred outflows of resources is based on an actuarially determined calculation of the District's proportionate share of the net pension liability of cost-sharing multiple-employer pension plans sponsored by the Wisconsin Retirement System in which the District participates.

Management's estimate of the fair value of investments is based on published market values.

We reviewed and tested management's procedures and underlying supporting documentation in the areas discussed above and evaluated the key factors and assumptions used to develop the estimates noted above in determining that they are reasonable in relation to the financial statements taken as a whole. We concluded that the accounting estimates and management judgments appeared to consider all significant factors and resulted in appropriate accounting recognition.

Financial Statement Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected Misstatements

The following material misstatements detected as a result of audit procedures were corrected by management:

- Recorded retainage payable.
- Reclassified receivables and payables
- Recorded GASB 68 and 74/75 related entries.

Disagreements with Management

For purposes of this communication, a disagreement with management is a disagreement on financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 15, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant Issues Discussed with Management Prior to Engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other Information in Documents Containing Audited Financial Statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

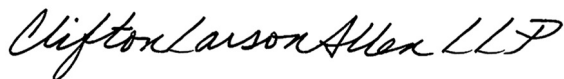
With respect to the schedule of expenditures of federal awards (SEFA) and the schedule of expenditures of state awards (SESA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA and SESA to determine that the SEFA and SESA complies with the requirements of the Uniform Guidance and the *State Single Audit Guidelines*, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA and SESA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA and SESA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 15, 2022.

With respect to the nonmajor fund combining statements, individual fund statements, and supporting schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 15, 2022.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

* * *

This communication is intended solely for the information and use of the Board of Education and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

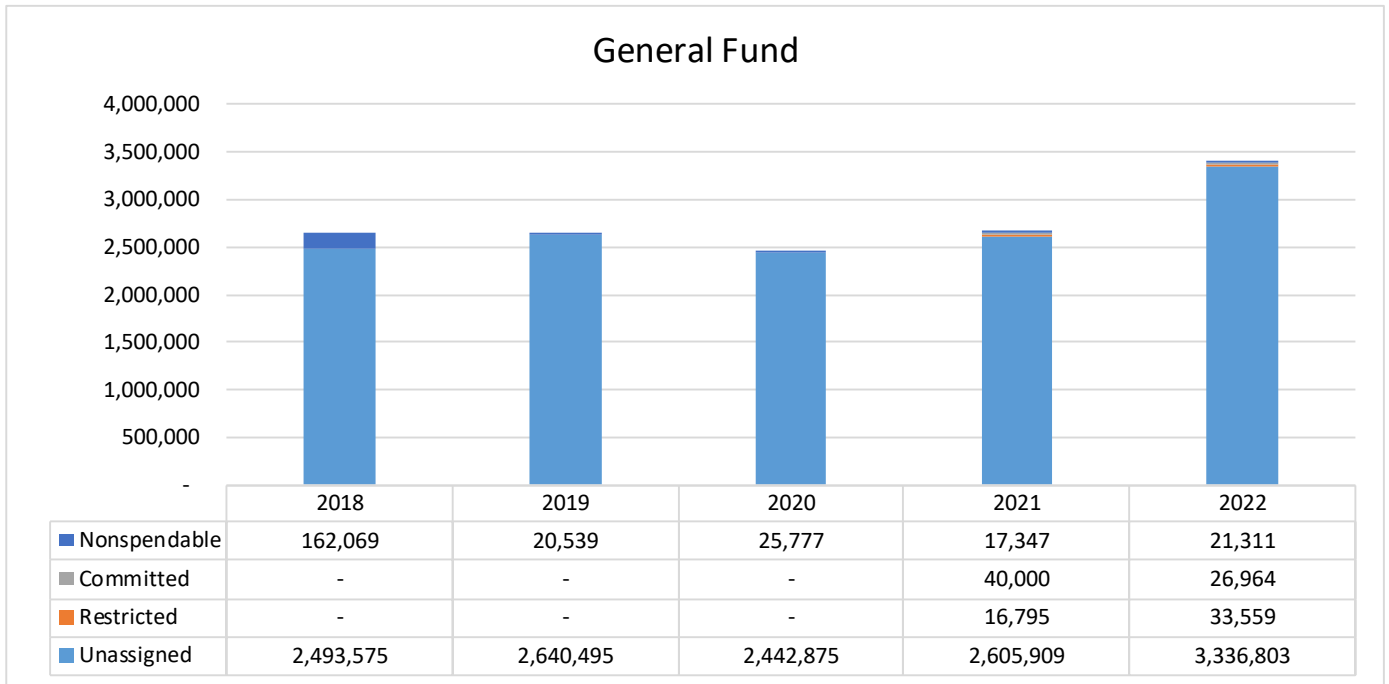


CliftonLarsonAllen LLP

Milwaukee, Wisconsin
December 15, 2022

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
APPENDIX A
FINANCIAL TRENDS OF YOUR DISTRICT**

The following graphs reflect financial trends of Shorewood School District. Information related to fund balances, revenues, and expenditures on pages 9 through 10 were obtained from current and prior year audit reports.

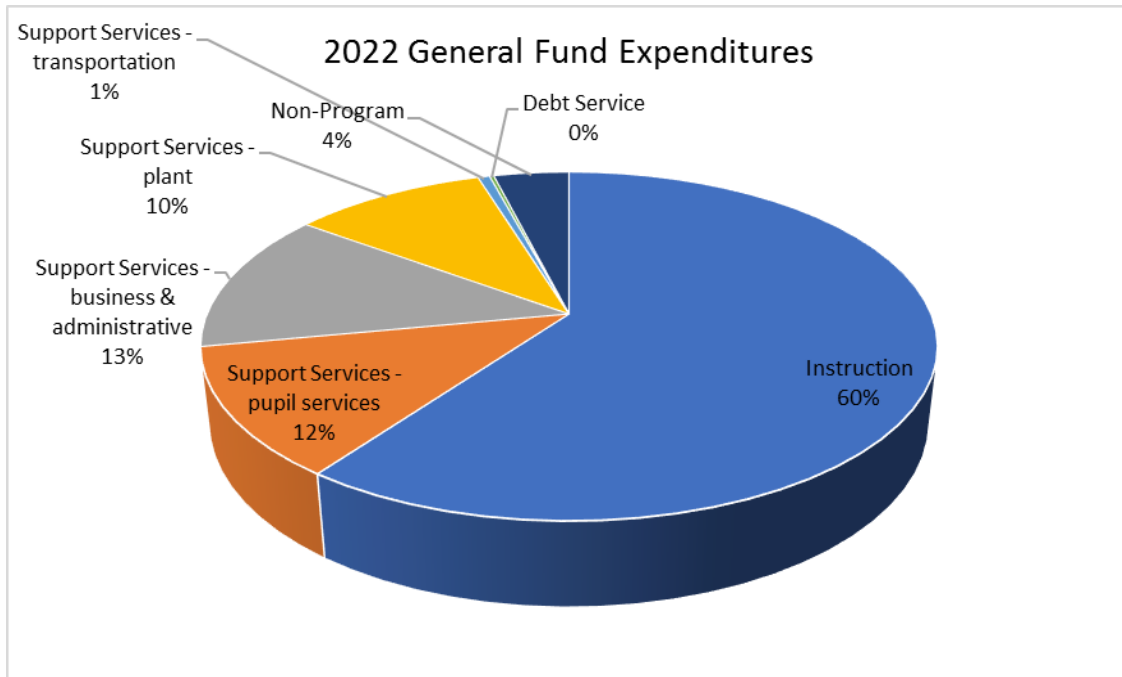
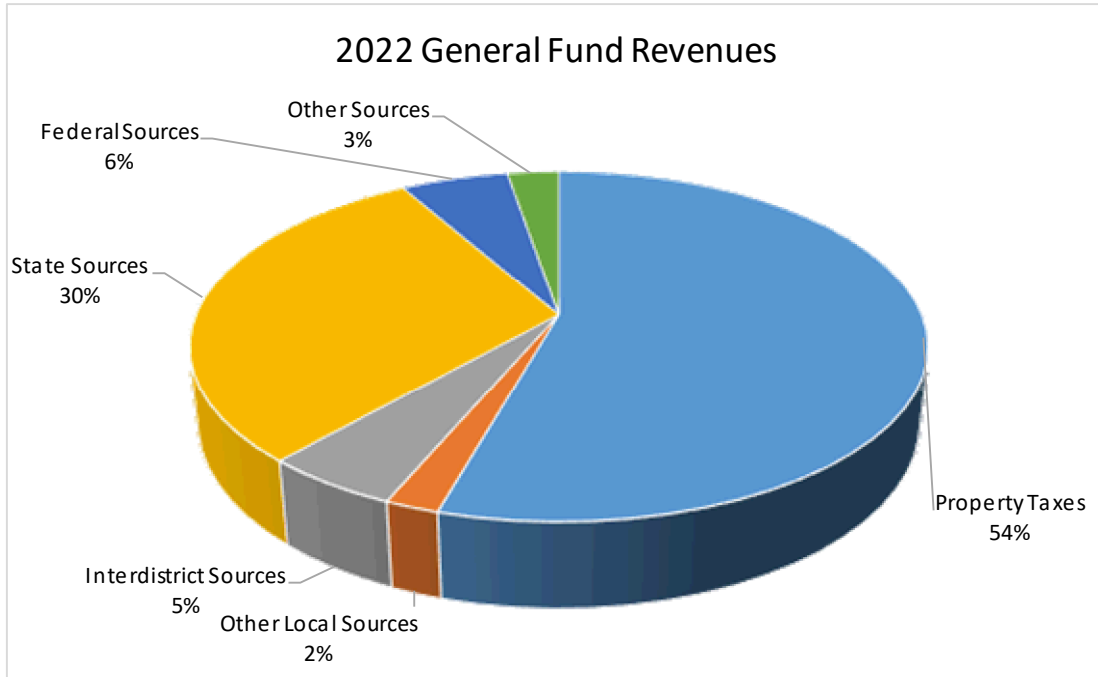


As indicated above, the District’s unassigned General Fund balance totaled \$3,418,636 on June 30, 2022. This amount essentially represents cash available for use during the 2022 - 2023 school year. Based on industry benchmarks, a fund balance of between 20 - 25% of a school district’s General Fund operating expenditures is needed for a working cash reserve based on the following items that have a negative effect on cash flow:

1. The present payment schedule for state aids for school purposes results in approximately 83% of the total school aids due being received after December 1, more than five months after the school year has started. In addition, approximately 35% of aids are not received until June of July.
2. Property taxes levied to finance the school year budget are levied on January 1, six months after the school year has started. In addition, the collection method for property taxes results in a large portion of taxes not being received until August, approximately two months after the school year has ended.

The District issues short-term debt to temporarily finance general fund expenditures in the fall.

**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
APPENDIX A (CONTINUED)
FINANCIAL TRENDS OF YOUR DISTRICT**



**SHOREWOOD SCHOOL DISTRICT
SHOREWOOD, WISCONSIN
APPENDIX B (CONTINUED)
TECHNICAL UPDATE**

GASB Statement No. 96 – Subscription-Based Technology Arrangements

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (A SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Common examples of SBITAs include cloud-based accounting and ERP systems.

The statement is effective for Wisconsin school districts beginning in the 2022-2023 fiscal year.

Steps that can be taken now:

- 1) **Gather contracts.** Checking accounts payable for recurring payments may help you locate agreements that you'll need to analyze.
- 2) **Analyze all contracts to determine which are SBITAs under the new standard.** The following items are excluded from the Statement:
 - a. Short-term SBITAs that are one year or less in duration.
 - b. Contracts that include a combination of both tangible assets and a software component if the software component is "insignificant" compared to the cost of the tangible asset.
- 3) **Review SBITAs for multiple components.** If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components.
- 4) **Determine appropriate materiality thresholds for capitalization.** Work with your auditor to determine what this should be. Be aware that items that are well below that threshold individually may be material in the aggregate.
- 5) **Select a technology solution to help manage your SIBITAs.** Evaluate if your technology solution for leases also has the capability to manage SIBITAs. Unless your organization only has a few leases/SIBITAs, the calculations for journal entries and footnote disclosures will most likely be beyond the capabilities of Excel. Make sure to consider document storage as part of the capabilities. Entities with greater than 10-20 identified leases/SIBITAs may wish to seriously consider a software solution and not rely on spreadsheets.

APPENDIX C



December 15, 2022

CliftonLarsonAllen LLP
10401 West Innovation Drive, Suite 300
Milwaukee, WI 53226

This representation letter is provided in connection with your audit of the financial statements of Shorewood School District, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2022, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to misstatements that are material. Misstatements, including omissions, 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.

We confirm, to the best of our knowledge and belief, as of December 15, 2022, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement agreement dated September 2, 2022, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP. The financial statements include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
2. We acknowledge and have fulfilled our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. Significant estimates have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Significant estimates are estimates at the financial statement date that could change materially within the next year.

6. Related party relationships and transactions, including, but not limited to, revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. No events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements or in the schedule of findings and questioned costs.
8. We have not identified or been notified of any uncorrected financial statement misstatements. In addition, you have proposed adjusting journal entries that have been posted to the entity's accounts. We have reviewed and approved those adjusting journal entries and understand the nature of the changes and their impact on the financial statements. We are in agreement with those adjustments and accept responsibility for them.
9. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, or which would affect federal award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.
10. Guarantees, whether written or oral, under which the entity is contingently liable, if any, have been properly recorded or disclosed in accordance with U.S. GAAP.
11. Arrangements with financial institutions involving repurchase, reverse repurchase, or securities lending agreements, compensating balances, or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements, have been properly recorded or disclosed in the financial statements.
12. The fact that the amount of "uncollateralized" deposits or "uninsured, unregistered securities held by the counterparty, or by its trust department or agent but not in the entity's name" during the period significantly exceeded the amounts in those categories as of the financial statement date was properly disclosed in the financial statements.
13. Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
14. The methods and significant assumptions used to determine fair values of financial instruments are as follows: Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The methods and significant assumptions used result in a measure of fair value appropriate for financial statement measurement and disclosure purposes.
15. We have analyzed all lease contracts and have considered and recorded material embedded leases contained within other contracts in accordance with U.S. GAAP.

16. We have no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
17. We believe that the actuarial assumptions and methods used to measure pension and other postemployment benefits (OPEB) liabilities and costs for financial accounting purposes are appropriate in the circumstances.
18. We are unable to determine the possibility of a withdrawal liability in a multiple-employer benefit plan.
19. We do not plan to make frequent amendments to our pension or other postretirement benefit plans.

Information Provided

1. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements such as records (including information obtained from within and outside of the general and subsidiary ledgers), documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Complete minutes of the meetings of the governing board and related committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedules of expenditures of federal and state awards.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others when the fraud could have a material effect on the financial statements.
5. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, grantors, regulators, or others.
6. We have no knowledge of any instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, and grant agreements, or waste or abuse whose effects should be considered when preparing financial statements.

7. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments, that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, or which would affect federal award programs, and we have not consulted a lawyer concerning litigation, claims, or assessments.
8. There are no other material liabilities or gain or loss contingencies that are required to be accrued or disclosed in accordance with U.S. GAAP.
9. There are no known related-party relationships or transactions which need to be accounted for or disclosed in accordance with U.S. GAAP.
10. The entity has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as made known to you and disclosed in the financial statements.
11. We have a process to track the status of audit findings and recommendations.
12. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
13. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
14. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to Shorewood School District, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
15. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
16. The entity has complied with all aspects of contractual or grant agreements that would have a material effect on the financial statements in the event of noncompliance.

17. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
18. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
19. The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures, jointly governed organizations, and other related organizations.
20. The financial statements properly classify all funds and activities.
21. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
22. Components of net position (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.
23. Investments are properly valued.
24. Provisions for uncollectible receivables have been properly identified and recorded.
25. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
26. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
27. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
28. Deposits and investment securities are properly classified as to risk and are properly valued and disclosed.
29. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
30. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

31. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
32. We acknowledge our responsibility for presenting the combining nonmajor fund statements (the supplementary information) in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditors' report thereon.
33. As part of your audit, you prepared the draft financial statements, related notes, supplementary information, and schedules of expenditures of federal and state awards. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your services; have made all management judgments and decisions; and have assumed all management responsibilities. We have evaluated the adequacy and results of the service. We have reviewed, approved, and accepted responsibility for those financial statements, related notes, supplementary information, and schedules of expenditures of federal and state awards. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.
34. We understand that as part of your audit, you prepared the adjusting journal entries and acknowledge that we have reviewed and approved those entries and accepted responsibility for them. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.
35. We have evaluated the adequacy and results of the depreciation services performed and accept responsibility for the results. We acknowledge our responsibility for our depreciation schedules and have determined the methods and rates of depreciation and the salvage values used in the calculations. We have designated an individual who possesses suitable skill, knowledge, and/or experience to understand and oversee your depreciation services; have made all significant management judgments and decisions; and have assumed all management responsibilities. We have also ensured that the entity's data and records are complete and received sufficient information to oversee the service.
36. We agree with the findings of specialists in evaluating pension and other postemployment benefits have adequately considered the qualification of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.

37. With respect to federal and state award programs:

- a. We are responsible for understanding and complying with, and have complied 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* issued by the Wisconsin Department of Administration including requirements relating to preparation of the schedules of expenditures of federal and state awards.
- b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA), the schedule of expenditures of state awards (SESA) and related notes in accordance with the requirements of the Uniform Guidance and the *State Single Audit Guidelines*, and we believe the SEFA and SESA, including their form and content, are fairly presented in accordance with the Uniform Guidance and the *State Single Audit Guidelines*. The methods of measurement and presentation of the SEFA and SESA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA and SESA.
- c. If the SEFA and SESA are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA and SESA no later than the date we issued the SEFA and SESA and the auditors' report thereon.
- d. We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance and the *State Single Audit Guidelines* compliance audit, and included in the SEFA and SESA expenditures made during the audit period for all awards provided by federal and state agencies in the form of federal or state awards, federal or state cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e. We are responsible for understanding and complying with, and have complied with, the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards related to each of our federal and state programs and have identified and disclosed to you the requirements of federal and state statutes, regulations, and the terms and conditions of federal and state awards that are considered to have a direct and material effect on each major federal and state program.
- f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal and state programs that provides reasonable assurance that we are managing our federal and state awards in compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards that could have a material effect on our federal and state programs. We believe the internal control system is adequate and is functioning as intended.

- g. We have made available to you all federal and state awards (including amendments, if any) and any other correspondence with federal and state agencies or pass-through entities relevant to federal and state programs and related activities.
- h. We have received no requests from a federal or state agency to audit one or more specific programs as a major program.
- i. We have complied with the direct and material compliance requirements, including when applicable, those set forth in the *OMB Compliance Supplement* and the *State Single Audit Guidelines*, relating to federal and state awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal and state awards.
- j. We have disclosed to you any communications from federal and state awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
- k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
- l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal and state program financial reports and claims for advances and reimbursements.
- o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditors' report.
- q. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies and/or material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.

- r. Federal and state program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- s. The copies of federal and state program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal or state agency or pass-through entity, as applicable.
- t. We have charged costs to federal and state awards in accordance with applicable cost principles.
- u. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance and the *State Single Audit Guidelines*, and we have provided you with all information on the status of the follow-up on prior audit findings by federal and state awarding agencies and pass-through entities, including all management decisions.
- v. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- w. We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- x. We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance and the *State Single Audit Guidelines*.
- y. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

Signature: Hannah A. Hane Title: Director of Business Services

Signature: John Stamba Title: Interim Superintendent



EXECUTIVE SUMMARY FOR THE SHOREWOOD SCHOOL BOARD

Topic: Open Enrollment Recommendation

Date: January 24, 2023

Prepared by: Heather Heaviland, Michael Joynt, and Kate Harder

Recommended action:

- Information only
- Presentation/discussion
- Discussion/action by board of education
- Presentation/action next meeting

Purpose: To summarize the District’s recommendation to make a total of 46 Open Enrollment seats available at various grade levels for the 2023-2024 school year and implement the wait list provision.

Background:

The Wisconsin Open Enrollment program allows students who are non-residents to apply to attend Shorewood Public Schools. Shorewood welcomed 78 students through Open Enrollment in 2022, including 12 students who had previously attended Shorewood Schools, but moved out of the District. The window for open enrollment is from February 6 to April 28, 2023 and District policy [5113](#) and related [DPI information](#) is provided for your information.

Discussion and Data Analysis

Building Principals and the Directors of Teaching and Learning, Special Education and Pupil Services, and Business Services, along with the Interim Superintendent reviewed our historical open enrollment trends as well as projected enrollment for 2023-2024 and future years. This analysis gauges the impact on not only the average class sizes that we predict, but also weighs the influence on the long term financial impact open enrollment has on the district budget. By strategically leveraging open enrollment at specific grade levels, we are able to even out the total size of grade levels to align with target class sizes into the future. Smoothing out our grade level cohorts will enable us to appropriately staff for both our anticipated future enrollment and targeted class sizes.

The recommendation outlined below includes addition of open enrollment seats at the elementary level only.

This year we recommend opening 46 open enrollment seats. The table below identifies the specific number of new open enrollment seats by grade level.

School	Grade Level	Number of Sections	23-24 Projected Enrollment	OE Recommendation	Projected Class Size
	K4	6	89	8	16.2
	K5	6	111	9	20.0
	1st	5	111	5	23.2
	2nd	6	118	0	19.7
	3rd	6	115	8	20.5
	4th	5	131	5	27.2
	5th	6	114	11	20.8
	6th	6	149	0	24.8

Open enrollment in Shorewood has always been high, and we regularly receive far more applications overall than we can address. Revenue received from open enrollment is accounted for outside of the revenue cap.

Special Education Data Analysis:

The caseload projections for special education were based on current enrollment and local ranges for recommended teacher to student ratios. Pending referrals were considered as were student to teacher ratios and prior enrollment trends.

In order to allow for changes that could occur for resident growth as well as to maintain current staffing and programming options, previous enrollment and identification patterns were reviewed and considered to create the space reservations for residents. Based on our projected enrollment and space reservations, our adjusted projected enrollment does not leave any remaining spaces available for non-resident students with disabilities.

RECOMMENDED MOTIONS:

There are 4 motions we need to act upon this evening. They are included in the memo and are listed below.

Motion #1: Move to declare a total of 46 open enrollment seats available at the following grade levels for 2023-2024:

- 4K: 8
- 5K: 9
- Grade One: 5
- Grade Two: 0
- Grade Three: 8
- Grade Four: 5
- Grade Five: 11
- Grade Six: 0
- Grade Seven: 0
- Grade Eight: 0
- Grade Nine: 0
- Grade Ten: 0
- Grade Eleven: 0
- Grade Twelve: 0

Motion #2: Move to approve the following number of spaces for open enrollment for students with disabilities:

- Cross Categorical: 0
- Speech and Language (SL): 0
- Occupational Therapy (OT): 0
- Specially Designed Physical Education (SDPE): 0

A wait list will not be created for students with disabilities as no spaces are available for students from other districts who have disabilities.

Motion #3: The District will accept full time open enrollment applications of students in the upcoming application period who are currently included in the count of occupied spaces & attending Shorewood School District. The Board of Education will also accept full time open enrollment applications of siblings of students who are currently enrolled and included in the count of occupied spaces and are attending the Shorewood School District and at a grade where available space has been determined.

Note: If the board does not specify at their January board meeting that currently-attending applicants or siblings of currently-attending students will be guaranteed approval, then the board is only permitted to grant preferences to those applicants and only if there is space to do so.

Motion #4: To utilize a waiting list provision to offer unaccepted seats to others who have applied. As has been our practice, we will revisit and make a decision to consider adding more open enrollment seats prior to the beginning of the 2023-24 school year.

Our member districts are experiencing serious fiscal challenges.

With a budget surplus of over \$6 billion, the 2023-25 Biennial Budget must include **spendable** revenue to address student needs. Our request:

- Increase current funding for public school students by \$1,535 in the form of **spendable** revenue to address record inflation and looming fiscal cliffs.
- Increase state Special Education reimbursement to 60% in FY and 90% in FY to reduce cuts to general education programming.
- Provide funding for mental health services through a per pupil categorical aid to support school-based mental health to address emotional and behavioral needs of students.

Fiscal strength is necessary for the success of students and vitality of our schools. The 2023-25 Biennial Budget must work to address:

- **Imminent fiscal cliffs.** Public schools have not had a per pupil adjustment that has kept pace with the rate of inflation for 14 years. Inflation is hitting us all. In the 2021-23 Biennial Budget school districts were told to rely on one-time federal COVID relief funds to make ends meet, further contributing to the fiscal cliff. School districts need **spendable**, predictable and sustainable funding to support students.
- **Staffing shortages** in every single position. Schools are facing increased labor costs and a competitive labor market. Schools need to be competitive in their labor region to recruit and retain workers in every single position including bus drivers, classroom teachers, food service workers, custodial staff, special education assistants, and student services staff. School districts cannot simply raise the price of a good or service to address staffing shortages and increased labor costs. State support is needed. **Spendable** dollars are needed.
- **Special education costs.** Public schools are mandated to provide special education services. Reimbursement rates at 30% require districts to fund the remaining 70% of costs with other revenue sources. Often this can result in millions of dollars transferred from a school district's general fund. With increased state reimbursement, school districts can provide additional special education aides in the classrooms, but also more support for all students including additional literacy programming, additional trades and apprenticeship opportunities.
- **Mental health needs of students.** As evidenced by the 2021 Youth Risk Behavior Survey more students are arriving at school with increased mental health challenges including stress, anxiety and depression. Results from the YRBS showed 18.1 percent of all students surveyed seriously considered attempting suicide in the past 12 months, the highest rate since 2003. Schools are connected to 95% of all 5-17 year old kids and are working hard to address both student and staff mental wellness. It is critical that the State provide a per pupil categorical aid to support school-based mental health. We also ask that the licensure process be expedited for mental health providers.

(OVER)

Our community values the importance of offering classes that promote and teach the trades. Material costs have risen dramatically since 2020::

- A wood-shop project that previously cost \$65 now costs \$102.
- The material used for welding has doubled in price.
- The cost of a 4X8 piece of sheet metal has risen from \$39.62 to \$93.19.

Without increased state support we are forced to limit important opportunities for students due to the increased costs.

- ***Paul Mielke, Superintendent, Hamilton School District***

Our public schools have a responsibility to serve all kids. Our district's projected special education cost for the 2022-23 school year is \$6,200,000. Of that only \$2,244,616 is covered by state reimbursement and other sources. Our district will need to transfer \$3,650,000 from our general fund to cover this shortfall. Without an increase in special education reimbursement our district will need to consider reductions in non-required services, courses, and programs.

- ***Lisa Olson, Superintendent, Whitnall School District***

We are unable to operate schools without teachers. The challenges with the labor market in K-12 education mirror the experiences of for-profit organizations. The teacher pipeline is decreasing in that fewer people are pursuing postsecondary education to become teachers and licensed experienced teachers are leaving for other professions. More dollars in the classroom would increase the likelihood that teachers will remain in the profession because of our willingness and our ability to increase salaries. Teachers are the linchpins in education to ensure student success.

- ***Monica Kelsey Brown, Superintendent, Brown Deer School District***

Reliance on one-time federal funding instead of state funding will result in massive cuts. Because the state did not provide an increase to the revenue limit to keep pace with inflation, South Milwaukee school district has been forced to rely on one time ESSER (federal) funds to balance recurring costs. The result is that once all of ESSER is used, the district will have to lay off several staff members, increase class size and cut programs to retain a balanced budget. Doing so will hurt students, education quality and the entire community.

- ***Jim Shaw, Interim Superintendent, South Milwaukee School District***

We need predictable, spendable resources to support student literacy. We used one time funding provided through ESSER grants to deeply develop our school leaders, literacy specialists and educators in the science of reading, and we are already seeing great gains in elementary literacy. As those one-time funds go away, and without the needed revenue increases to match inflation, we will not have the funds necessary to sustain current operations without increasing class sizes, cutting career pathways, and reducing arts opportunities for young people.

- ***Tina Owen-Moore, Superintendent, School District of Cudahy***



SCHOOL BOARD MEETING
CLOSED SESSION

Thursday, January 5, 2023
5:30 pm

Board Member Participation: Paru Shah, President
Emily Berry, Vice President
Ellen Eckman, Treasurer
Becky Freer, Clerk
Abby Fowler, Member

District Participation: Shari Tucker, Director of Equity
Ryan Heiden, Von Briesen & Roper

Call to Order: Paru Shah called the meeting to order at 5:30 pm.

Motion by Paru Shah to go to Closed Session, per posting, to discuss personnel matters, pursuant to Wis. Stat. 19.85(1)(c).

Motion to leave Closed Session by Paru Shah.

Meeting adjourned by Paru Shah without objection at 6:57 pm.



SCHOOL BOARD MEETING
CLOSED SESSION

Tuesday, January 10, 2023
5:45 pm

Board Member Participation: Paru Shah, President
Emily Berry, Vice President
Ellen Eckman, Treasurer
Becky Freer, Clerk
Abby Fowler, Member

Other Participants: Jack Linehan, School Exec Connect

Call to Order: Paru Shah called the meeting to order at 5:45 pm.

Motion by Paru Shah to go to Closed Session, per posting, to discuss personnel matters, pursuant to Wis. Stat. 19.85(1)(c).

Motion to leave Closed Session by Paru Shah.

Meeting adjourned by Paru Shah without objection at 6:30 pm.



SCHOOL DISTRICT OF SHOREWOOD
Board Meeting Minutes
Shorewood High School Library Media Center
January 10, 2023

Board Member Participation: Emily Berry, Vice President
Ellen Eckman, Treasurer
Becky Freer, Clerk
Abby Fowler, Member
Bella Busby, Student Representative
Emmett Joslyn, Student Representative

District Staff Participation: JoAnn Sternke, Interim Superintendent
Heather Heaviland, Director of Business Services
Mike Joynt, Interim Director of Teaching & Learning
Alejandra Ovalle-Krolick, Lake Bluff Principal
Kevin Kriegel, Lake Bluff Dean of Students

I. 7:01 pm CALL TO ORDER

Motion to Adopt the Agenda

MOVED by Ellen Eckman and SECONDED by Abby Fowler AYE: 4 NAY: 0

II. 7:05 pm STUDENT ACHIEVEMENT AND RESULTS

Lake Bluff Elementary School Student Ambassadors

Professional Development Updates

III. 7:19 pm PUBLIC COMMENTS #1

Claire Bernatz District Faculty

Miriam Stefanovic District Faculty

IV. 7:26 pm BOARD BUSINESS AND POSSIBLE BOARD ACTION

A. Superintendent Search Update

B. Resolution Authorizing the School District Budget to Exceed Revenue Limit by \$5,500,000 Per Year for Five Years for Non-Recurring Purposes

MOVED by Ellen Eckman and SECONDED by Emily Berry AYE: 4 NAY: 0

C. Resolution Providing for a Referendum Election on the Question of the Approval of a Resolution Authorizing the School District Budget to Exceed Revenue Limit by \$5,500,000 Per Year for Five Years for Non-Recurring Purposes

MOVED by Ellen Eckman and SECONDED by Becky Freer AYE: 4 NAY: 0

8:28 pm Motion to Move Public Comment Period #2

MOVED by Becky Freer and SECONDED by Ellen Eckman AYE: 4 NAY: 0

PUBLIC COMMENTS #2 (VI)

Jennifer Conigliaro	District Faculty
Bobby Gronert	SHS Student
Ann Conry	2614 East Newton
Katie Kasper	4330 North Alpine
Heather Cook Elliott	4154 North Lake Drive
Andrew Frey	3820 North Cramer
David Price	3900 North Morris
Katie Barikmo	District Faculty
Representative Ryan Clancy	
Brian Elliott	4154 North Lake Drive
Deb Schwinn	District Faculty
Hayley Kutz	District Faculty
Stefany Maloney	District Faculty

BOARD BUSINESS AND POSSIBLE BOARD ACTION

D. April 4, 2023 Operating Referendum Planning and Communications

Lori Mueller, Donovan Group

E. Approval of OE 1 (Global Operational Expectations) Monitoring Report

MOVED by Ellen Eckman and SECONDED by Becky Freer AYE: 4 NAY: 0

F. School Board Election Update

V. 9:23 pm BOARD CONSENT AGENDA

A. Approval of Board Meeting Minutes

January 6, 2023 Closed Session Minutes

January 3, 2023 Closed Session Minutes

December 20, 2022 Board Meeting Minutes

December 16, 2022 Closed Session Minutes

November 29, 2022 Closed Session Minutes

MOVED by Ellen Eckman and SECONDED by Abby Fowler AYE: 4 NAY: 0

VII. 9:23 pm BOARD MEMBER REPORTS

SWSA Legislative Advocacy, Joint Review Board, Atwater Parents/Caregivers Linkage and SEED

Foundation Board Meeting

VIII. 9:31 pm SUPERINTENDENT'S REPORT

IX. 9:35 pm SUPERINTENDENT'S CONSENT AGENDA

Approval of Monthly Financial Reports

Approval of Staffing Changes: Retirements, Resignations and Leave of Absence Requests

Retirements: Christine Albrightson, Julie Bennett, Catherine Daniels

MOVED by Ellen Eckman and SECONDED by Becky Freer AYE: 4 NAY: 0

IX. 9:36 pm PUBLIC COMMENT #3

John Stanco District Faculty

Representative Darrin Madison

X. 9:41 pm REVIEW OF 'TO DO' ITEMS

Referendum Resolutions filings, Referendum information on District website (FAQ, budget data, projections, tax impact/relief)

XI. 9:43 pm FUTURE AGENDA ITEMS

Legislative Advocacy

Superintendent Search Update

XIII. 9:46 pm RECESS AND DEBRIEF



SCHOOL BOARD MEETING
CLOSED SESSION

Tuesday, January 17, 2023
3:30 pm

Board Member Participation: Paru Shah, President
Emily Berry, Vice President
Ellen Eckman, Treasurer
Becky Freer, Clerk
Abby Fowler, Member

Other Participants: Jack Linehan, School Exec Connect
Matt Gibson, School Exec Connect

Call to Order: Paru Shah called the meeting to order at 3:30 pm.

Motion by Paru Shah to go to Closed Session, per posting, to conduct Superintendent candidate interviews and discuss personnel matters, pursuant to Wis. Stat. 19.85(1)(c).

Motion to leave Closed Session by Paru Shah.

Meeting adjourned by Paru Shah without objection at 8 pm.



SCHOOL BOARD MEETING
CLOSED SESSION

Tuesday, January 18, 2023
5:30 pm

Board Member Participation: Paru Shah, President
Emily Berry, Vice President
Ellen Eckman, Treasurer
Becky Freer, Clerk
Abby Fowler, Member

Other Participants: Jack Linehan, School Exec Connect
Pat Antony, School Exec Connect

Call to Order: Paru Shah called the meeting to order at 5:30 pm.

Motion by Paru Shah to go to Closed Session, per posting, to conduct Superintendent candidate interviews and discuss personnel matters, pursuant to Wis. Stat. 19.85(1)(c).

Motion to leave Closed Session by Paru Shah.

Meeting adjourned by Paru Shah without objection at 9 pm.



SHOREWOOD SCHOOL BOARD

Topic: Superintendent's Report

Date: January 24, 2023

Prepared by: JoAnn Sternke

Board Action:

X Information only

Presentation/discussion

Discussion/action by board of education

Presentation/action next meeting

Purpose:

To summarize current District education, administrative and operations priorities and provide follow up on items from prior Board meetings.

District and School Updates

SIS World Geography teacher, Sarah Kopplin, was recognized as a Teacher of the Year at the State Education Convention last week, and it was another well-deserved acknowledgment of Sarah's passion and commitment to students, and a proud moment for our District. Thanks to School Board member Emily Berry for serving as our delegate to the Annual Assembly, and to others who participated in the convention's schedule of presentations, workshops and other sessions that focused on key trends and issues in Wisconsin school districts.

Recruitment for two key administrative leadership positions - Director of Teaching and Learning and Principal of Shorewood Intermediate School - are getting underway. We have posted the Director of Teaching and Learning position and will post the SIS principal position soon. We hope that the District's new Superintendent will be able to participate in final interviews for these roles.

We are also beginning to plan for 2023 School Perceptions surveys of students (grades 4-12), staff and parents/community members. We will be reviewing the survey schedule

with the School Perceptions team as well as our leaders, in an effort to increase survey participation.

District families and staff received an update last week about how we will now monitor COVID-19 cases in the District, and the suspension of updates to the COVID-19 dashboard on the District website, effective January 23. This determination was made in collaboration with District Nurse, Kelly Barlow-Eichman, with input from our partners at the Northshore Health Department and Wisconsin Department of Health Services. These factors were central to our decision-making:

- Consistently low case counts (12 or less District-wide during the 22-23 school year);
- Declining/low numbers of visitors to the COVID-19 dashboard and other COVID resources on the website; and
- Decreases in COVID-19 cases, as well as other respiratory illnesses, throughout Southeastern Wisconsin.

Though the Dashboard will no longer be active, District staff and families will still be asked to notify us of positive student cases, and, using this information, we will continue to notify families and caregivers of positive COVID cases. Homeroom letters will be sent to elementary school families notifying them of a positive case in their child's classroom. Additionally, building-wide case counts will be shared weekly with District families/staff through each school's bulletin. Archived weekly bulletins will also be available on each school's website. Should you have any questions or concerns regarding these changes, please feel free to reach out to District Nurse Kelly Barlow-Eichman at kbarlow@shorewood.k12.wi.us.

I also want to share information about the requirements involved in contracting with a food service vendor in this highly-regulated area of school operations as a follow up to comments made on January 10 about our food service management company, Aramark. The District is committed to doing business with organizations that reflect our mission and values as much as possible, and we actively solicit both minority- and locally-owned businesses when we are able. In the case of our food service needs, public school districts that contract with a vendor are required to participate in the Wisconsin Department of Public Instruction's (DPI) contracting process. Through the DPI process, we are allowed to consider only a specified pool of approved food service management companies based on a specified set of criteria. As we are not able to consider direct employment of food service staff, we want to be clear that the District expects Aramark and all responding agencies to submit a competitive proposal that we will need to consider, based on the scope of services and operations needed, as well as price. A committee to evaluate these proposals is being formed, and Heather Heaviland will provide updates about the process as it moves forward.

The NFL cardiac arrest protocol that played out on national television a few weeks ago dramatically increased interest in the Recreation Department's adult CPR training course

(it now has a waiting list), and it jump-started some community partnerships that will help us move Heart Smart certification forward this year. We hope to achieve certifications for some schools next year, and Kelly Barlow-Eichman, Taz Landry, Tim Kenney, Sean Strauss and others are working together to establish timelines and goals. This was made a priority before the pandemic, and the SEED Foundation provided funding for a group of staff members to receive CPR training in order to train others. Though the pandemic interrupted some elements of our plan, our 9th grade students now receive CPR training through their PE classes, and Recreation Department staff provides CPR training and certifications to young people enrolled in their Red Cross babysitting course.

Finally, the Lake Bluff playground is open for school and community use, thanks to mild winter weather. If Board and community members are heading to Shorewood Chill on Feb. 4 or to use the Lake Bluff Ice Rink, please take a look at the progress! Our students are loving it.

Referendum Updates

Following Board approval of a referendum ballot question on January 10, a new [Operating Referendum](#) section has been created on the District website and a button on the homepage provides quick access. As our community dialogue about this continues, I encourage community members to use the portal provided to submit questions about the referendum, which we will address through updates to the FAQ and other documents.

On that note, District administrators and Board members will be arranging a number of community engagement sessions - in-person and virtual - during the next several weeks so that residents, staff, students and others can learn about the referendum process and hear discussion about why this referendum vote is important to the District and community. The dates of these events will be posted on the website, shared through schools and in the Village Manager's Memo, and promoted elsewhere. Community organizations interested in providing an engagement session for their members or patrons may contact the District office about joining the schedule.

As discussed at previous meetings, District staff are working to update our budget assumptions. These include enrollment and staff compensation projections that are needed in order to continue refining the budget balancing strategies we will need to employ to close the estimated \$2.5 million gap in 2023-24, should the referendum not pass. Meetings with department and school leaders about the need to identify potential reductions have been scheduled throughout February.

We appreciate the patience of community members as we work to secure the most accurate information and address the volume of communication needs and questions we are working through in order to develop informative budget scenarios for review in the coming weeks. The District's Open Enrollment recommendation is one element of this work, and this will be discussed as part of the Board business agenda.

Shorewood Sch Dist - Monthly Revenue Overview - Funds 10 & 27 (Transfers Not Included)

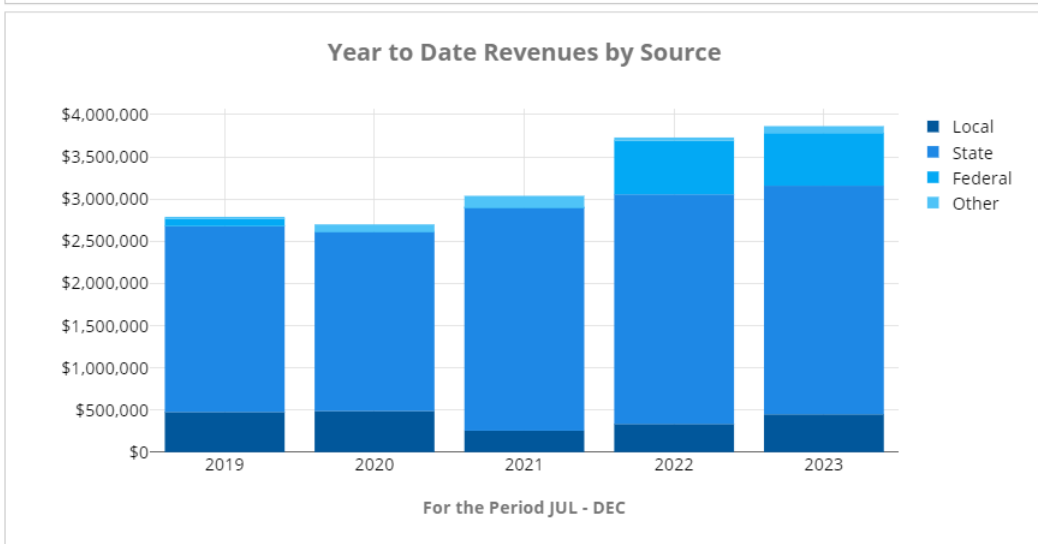
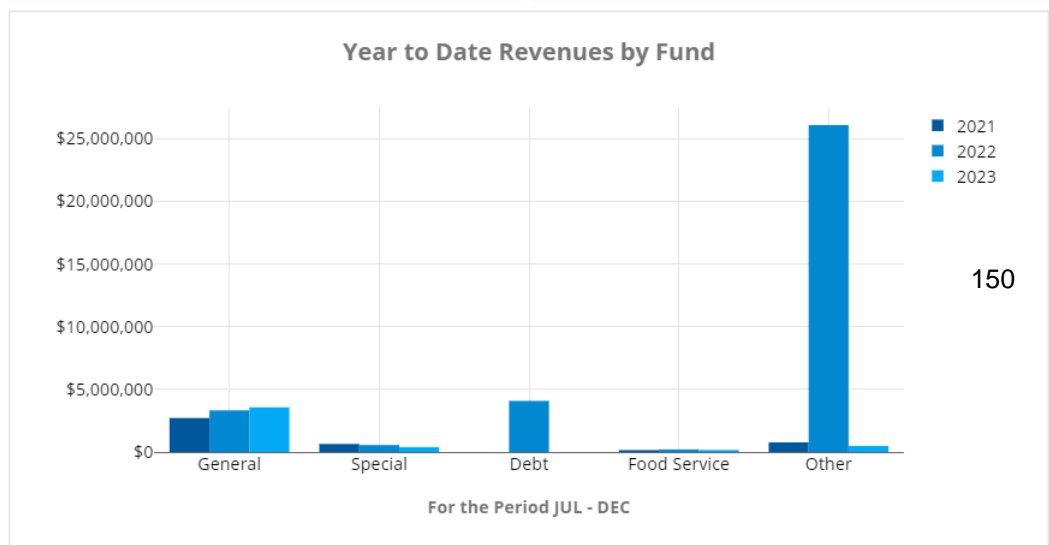
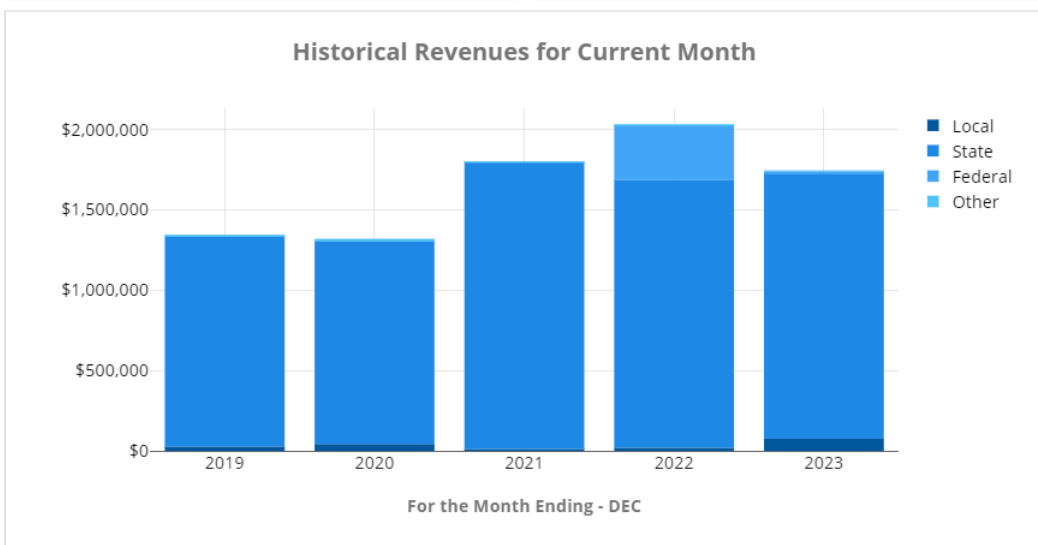


Total YTD Revenues
\$3,864,169
 Variance to Budget \$151,485
FAVORABLE

YTD Local Sources
\$449,254
 Variance to Budget \$176,789
FAVORABLE

YTD State Sources
\$2,708,992
 Variance to Budget \$-232,829
UNFAVORABLE

YTD Federal Sources
\$624,283
 Variance to Budget \$150,885
FAVORABLE



Source Level 2	For the Period JUL - DEC			
	2019 YTD Amount	2020 YTD Amount	2021 YTD Amount	2022 YTD Amount
290 OTHER REVENUE FROM LOCAL SOURCES	\$404,213	\$420,052	\$239,443	\$279,8
610 STATE AID - CATEGORICAL	\$273,879	\$267,416	\$322,442	\$337,3
620 STATE AID - GENERAL	\$1,928,362	\$1,853,395	\$2,311,970	\$2,383,9
690 OTHER REVENUE FROM STATE SOURCES	\$0	\$0	\$7,920	
730 FEDERAL SPECIAL PROJECTS AID TRANSITED THROUGH DPI	\$77,981	\$0	\$0	\$354,1
750 ELEMENTARY AND SECONDARY EDUCATION ACT (ESEA)	\$0	\$0	\$0	\$29,8

Shorewood Sch Dist - Monthly Expenditure Overview - Funds 10 & 27 (Transfers Not Included)

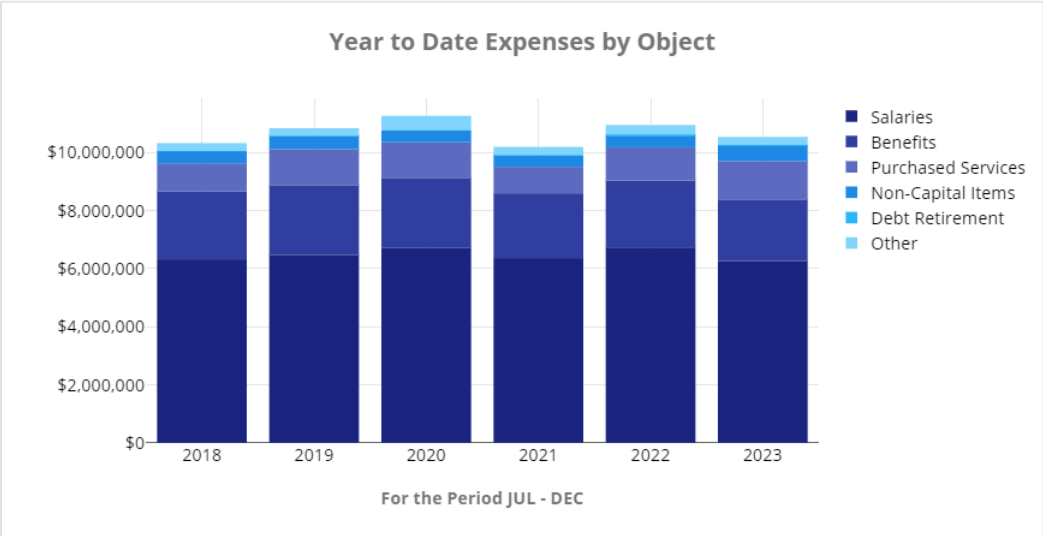
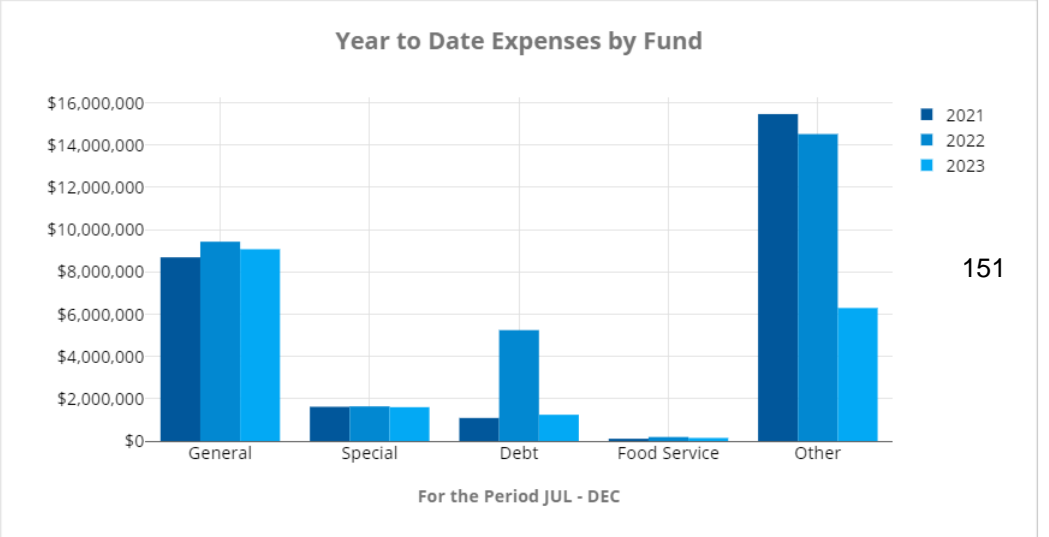
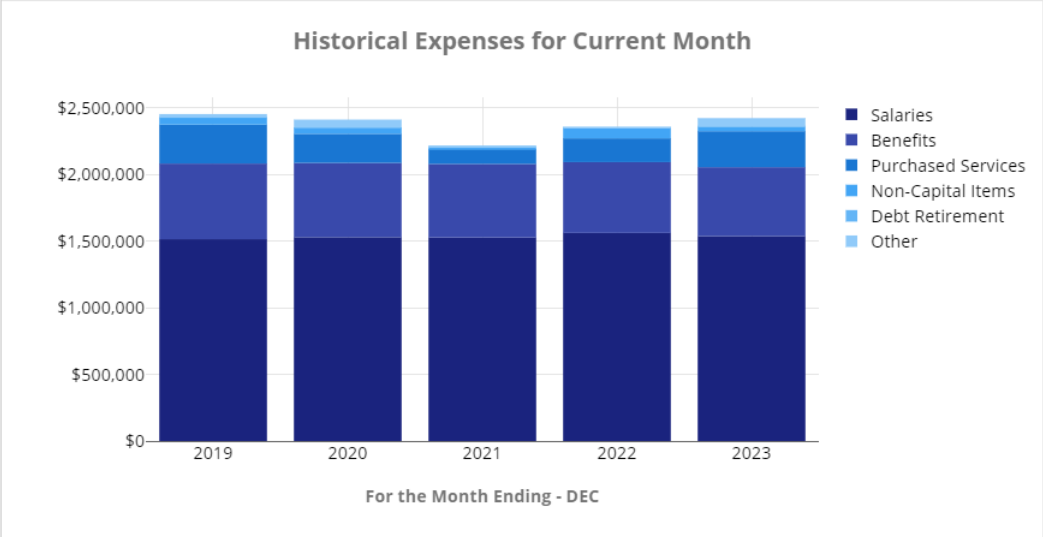


Total YTD Expenses
\$10,546,635
 Variance to Budget \$-804,743
FAVORABLE

YTD Salaries & Benefits
\$8,384,907
 Variance to Budget \$-575,588
FAVORABLE

YTD Purchased Services
\$1,325,151
 Variance to Budget \$-120,800
FAVORABLE

YTD Other Expenses
\$830,409
 Variance to Budget \$-114,523
FAVORABLE



Object Level 1	For the Period JUL - DEC			
	2020 YTD Amount	2021 YTD Amount	2022 YTD Amount	2023 YTD Amount
Salaries	\$6,711,122	\$6,366,488	\$6,733,911	\$6,264,471
Benefits	\$2,419,980	\$2,233,319	\$2,307,118	\$2,120,436
Purchased Services	\$1,227,216	\$912,381	\$1,143,019	\$1,325,151
Non-Capital Items	\$413,302	\$396,619	\$402,031	\$551,942
Capital Items	\$37,318	\$11,640	\$39,652	\$0
Debt Retirements	\$0	\$16,224	\$38,016	\$0
District Insurance	\$338,385	\$206,176	\$186,600	\$183,823
Other	\$120,854	\$52,932	\$99,675	\$94,643
Transfers	\$0	\$0	\$0	\$0



**EXECUTIVE SUMMARY
FOR THE SHOREWOOD SCHOOL BOARD**

Topic: Monthly Financial Reports

Date: January 24, 2022

Prepared by: Heather Heaviland

Recommended action:

- Information only
- Presentation/discussion
- Discussion/action by board of education
- Presentation/action next meeting

Purpose: Financial reports are provided to the Board monthly to assist with monitoring of financial condition and compliance with the adopted budget.

Notes and Comments:

December 2022 Statements

December 2022 financial statements reflect activities and financial changes for the first six months of the fiscal year.

- Revenue and Expenses
 - Operating fund revenues are to date favorable in all categories with the exception of state revenue, which is currently tracking to be short of expectations by \$232,829. The majority of the shortfall is within special education reimbursement.
 - Operating fund expenses are tracking in the aggregate very close to the budget, but certain categories are showing higher than budgeted expenses. Unanticipated expenses accounts for a portion of this. The District will be monitoring expenses carefully to determine if additional adjustments need to be made in the second half of the year.
- Balance Sheet

- The balance sheet for general operating funds is nearing its low point as we await the January tax payment. Current trends project a year-end fund balance that is close to or slightly below the projected amount.

Attachments:

- Budget Performance Update
- Revenue Dashboard
- Expense Dashboard
- Cash Receipts 2022-12
- Budget Status 2022-12
- Check Register 2022-12
- Balance Sheet 2022-12

Additional Information

Understanding Account Numbers: Account numbers are shown on several of the monthly reports. A complete description of account codes and how they are used can be obtained from the Business Office or Department of Public Instruction / School Financial Services website. The following is provided to assist with reading the provided monthly reports.

Fund - the 1st two digits are a designation of an accounting entity. The accounting entity is assigned by the DPI to ensure compliance with various statutory requirements related to the type of financial transactions reported. The common funds are:

- 10 General Fund is for recording any transaction not required to be recorded in another fund. This fund accounts for about 75% of total financial transactions.

- 21 Special Revenue Trust Fund is used to record transactions financed with non-governmental donations or other receipts designated for a specific educational purpose. Examples include support from PTO's, booster clubs, SEED and so forth.

- 27 The Special Education Fund is considered a sub-fund to the General Fund and is used to segregate financial transactions related to extraordinary costs for meeting the needs of students identified as requiring an Individualized Education Plan.

- 38 & 39 These funds are used to record property taxes levied for the purpose of repayment of long-term debt and the corresponding transactions for the principal and interest payments.

- 41 & 49 Capital Projects funds track revenue specifically raised to pay the costs of a capital project and the expenses thereof. Revenues are typically a segregated property tax levy or borrowed amounts.

- 50 The fund is used to segregate financial transactions related to operating the school food service program. A deficit, if any, in this fund is covered with a transfer from the General Fund.
- 80 Financial transactions related to operating the Fitness Center, Recreation Programs or other community oriented activities are recorded in the Community Services Fund.

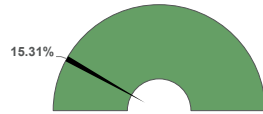
Type - accounts codes have the following account types:

- A Asset
- L Liability
- Q Equity
- E Expense
- R Revenue

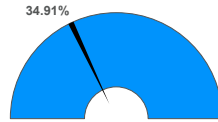
General and Special Education Funds | Expenditure Dashboard

For the Period Ending December 31, 2022

Projected Year End Fund Balance as % of Budgeted Expenditures

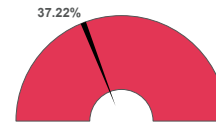


Actual YTD Total Expenditures



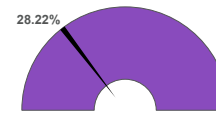
Projected YTD Total Expenditures
35.93%

Actual YTD Salaries / Benefits



Projected YTD Salaries / Benefits
38.31%

Actual YTD Other Objects

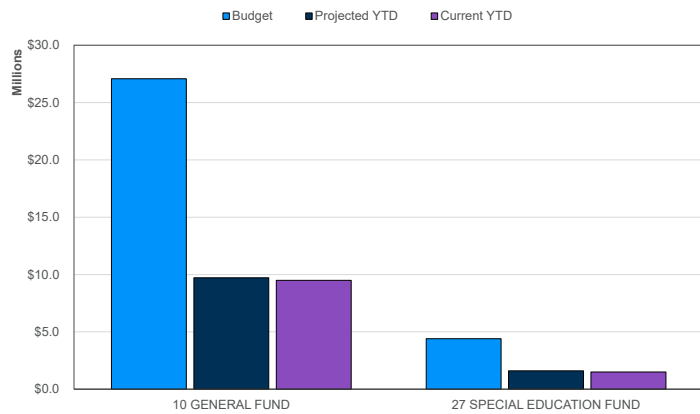


Projected YTD Other Objects
29.04%

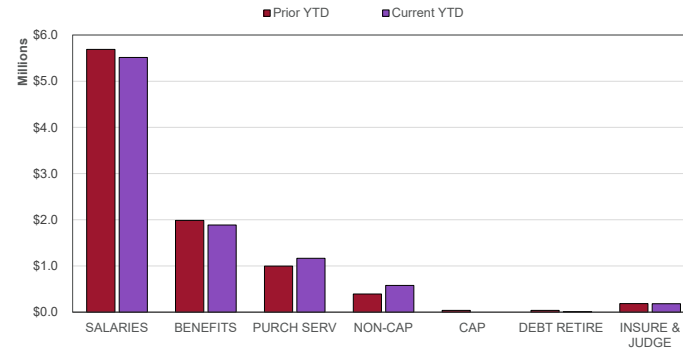
Top 10 Expenditures by Function (Year-to-Date)

Regular Curriculum	\$2,743,494.93
Undifferentiated Curriculum	\$1,888,200.56
Business Administration	\$1,721,590.24
Special Education Curriculum	\$1,017,585.36
Instructional Staff Services	\$713,894.55
Pupil Services	\$684,060.74
School Building Administration	\$602,207.92
General Administration	\$380,136.38
Purchased Instructional Services	\$248,251.10
Physical Curriculum	\$243,120.32
Percent of Total Expenditures Year-to-Date	93.20%

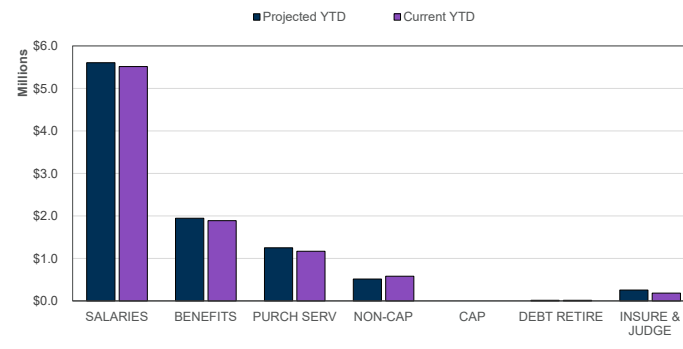
Total Expenditures



Expenditures by Object



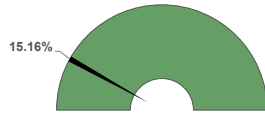
Expenditures By Object



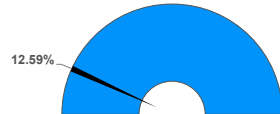
General and Special Education Funds | Revenue Dashboard

For the Period Ending December 31, 2022

Projected Year End Fund Balance as % of Budgeted Revenues



Actual YTD Total Revenues



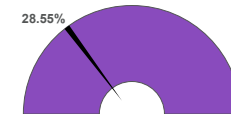
Projected YTD Total Revenues
11.67%

Actual YTD Local Sources



Projected YTD Local Sources
1.72%

Actual YTD State Sources

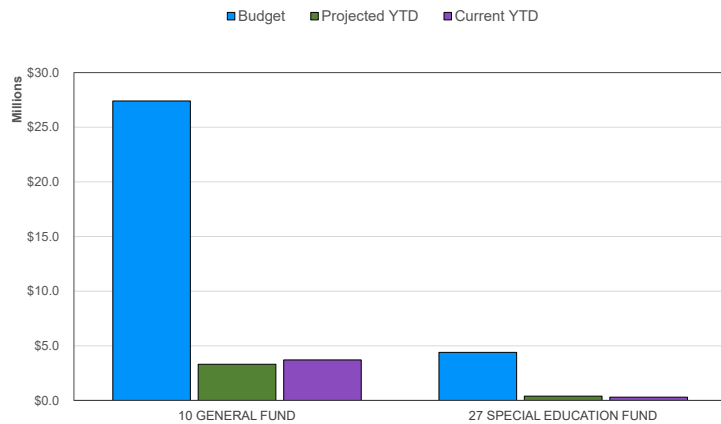


Projected YTD State Sources
31.01%

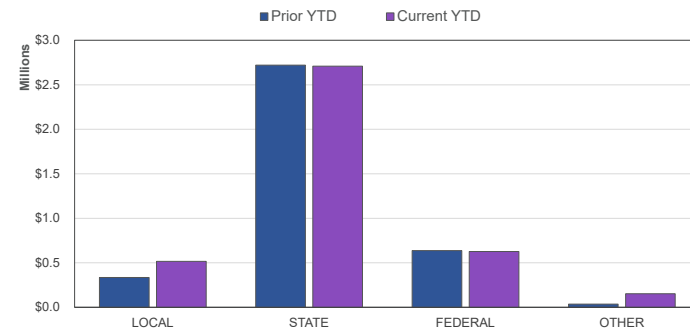
Top 10 Sources of Revenue (Year-to-Date)

Equalization Aid	\$2,542,780.00
Federal Special Projects Aid Transited Through Dpi	\$437,415.28
Student Fees	\$286,376.44
Federal Aid Received Through State Agencies Other Than Dpi	\$167,812.17
Special Education State Aid	\$159,985.65
Insurance Claims And Reimbursements	\$95,047.20
Earnings On Investments	\$93,983.04
Other School Activity Income	\$54,286.74
Rentals	\$45,168.00
Refund Of Prior Year Expense	\$28,773.69
Percent of Total Revenues Year-to-Date	97.65%

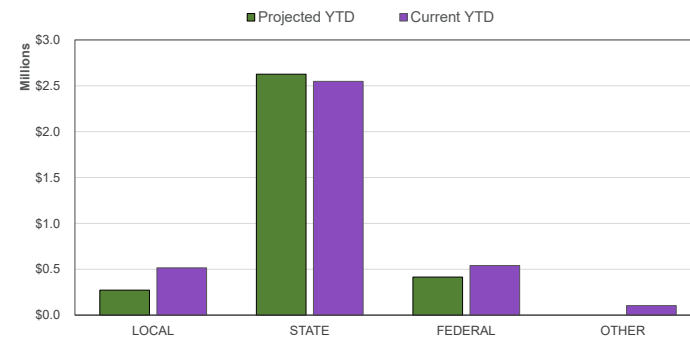
Total Revenues



Revenues by Source



Revenues by Source





**EXECUTIVE SUMMARY
FOR THE SHOREWOOD SCHOOL BOARD**

Topic: Retirement

Date: January 24, 2023

Prepared by: Liliana Mendoza

-
- Recommended action:**
- Information only
 - Presentation/discussion
 - Discussion/action by committee
 - Discussion/action by board of education
 - Presentation/action next meeting

Recommendation(s): Approval

Purpose: Retirement

Background: Cheryl Sawdy, Special Education Teacher at Lake Bluff Elementary will retire from her position at the end of the school year after 22 years of teaching in Shorewood.