

**KIMBERLY AREA SCHOOL DISTRICT**  
**KIMBERLY, WISCONSIN**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

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**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

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**Erickson & Associates, S.C.**  
*Certified Public Accountants*

1000 West College Avenue • Appleton, Wisconsin 54914 • (920) 733-4957 • FAX (920) 733-6221  
255 South Main Street • Fond du Lac, Wisconsin 54935 • (920) 921-4189 • FAX (920) 923-1149  
www.erickson-cpas.com

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Kimberly Area School District  
Kimberly, 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 Kimberly Area School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kimberly Area School District, as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11 and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying nonmajor governmental funds, nonmajor special revenue funds, nonmajor capital projects funds, and general fund combining schedules and 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* (Uniform Guidance), and the *State Single Audit Guidelines*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 7, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Erickson & Associates, S.C.*  
ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

December 7, 2023

# KIMBERLY AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

The discussion and analysis of Kimberly Area School District's financial performance provides an overall review of the financial activities for the fiscal year. The analysis focuses on school district financial performance as a whole.

### FINANCIAL HIGHLIGHTS

**Increased Net Position** - The District's overall financial status, as reflected in total net position, increased by \$1.42M or 1.7% to \$82M.

**Increased General Fund Balance** - The General (Operating) Fund balance increased by \$90,701. The General Fund balance is 17% of expenditures.

**Increased Capital Improvement Fund Balance** - The District established a separate Capital Improvement Fund in 2003 and a second one in 2015 to help assure that there is money for future infrastructure improvements. The balance of these funds increased by \$893,592 to \$9.2M. The fund that was set up in 2015 can receive additional dollars, however the money cannot be spent for 5 years from when the fund was set up. The district could begin using this money in 2020.

**Post Retirement Benefit Trust Fully Funded** - The District continues to prudently fund their Post Retirement Benefit Trust as allowed by DPI funding guidelines. The District is one of the few districts in the state that can say their Post Employment Benefit trust is fully funded through 2023.

**Health Insurance Costs Continue to Increase** - Our Health Insurance premiums increased 5.7% for 2022-2023. We made a change in carriers in order to keep the percent increase down. The Health and Wellness Center was again a great benefit for our staff.

**Facility Improvements** - Major projects across the District as part of our Capital Improvement Plan included continued roof replacements, upgraded electrical services in various buildings, new LED Lighting at JRG, addition of LaCrosse/Soccer fields, Janssen kitchen remodel, as well as other concrete, asphalt and carpet replacement throughout the District.

**Above Average Student Achievement at Below Average Cost** - As evidenced by our standardized test scores, the District continues to be one of the highest achieving districts in the Fox Valley, as well as the State. All of our schools, Met, Exceeded or Significantly Exceeded Expectations on our state report cards. Students are excelling in all areas including awards in business, welding, and music. Our Advanced Placement and college track programs provided over 800 AP tests last year resulting in \$1 million in tuition savings. Kimberly Area School District remains below average as one of the lowest spending districts in the state.

# KIMBERLY AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of two parts - management's discussion and analysis and the basic financial statements, including notes to the financial statements and supplementary information.

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

#### District-wide Statements:

- The *Statement of Net Position* compares assets and deferred outflows of resources to liabilities and deferred inflows of resources to give an overall view of the financial health of the District. This statement includes fixed assets and long-term liabilities.
- The *Statement of Activities* defines the District's expenses by function and illustrates the total that is offset by corresponding revenues - charges for services and/or operating grants and contributions. General Revenues and extraordinary credits are identified. The result is total net expense offset by general and miscellaneous revenue - recognizing the change in net position for the District from the previous year.

#### Fund Financial Statements:

- The *Balance Sheet - Governmental Funds* and *Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds* focus on individual parts of the District. Fund financial statements generally report operations in more detail than the district-wide statements.

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

*Required Supplementary Information* further explains and supports the financial statements.

*Other Supplementary Information* provides information specific to nonmajor governmental funds and the schedules of expenditures of federal and state awards.



# KIMBERLY AREA SCHOOL DISTRICT

## MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

The major features of the District’s financial statements, including the scope of the activities reported and type of information contained, are shown in the following table. (Table #1)

**Table #1**

		-----Fund Financial Statements-----		
	District-wide Statements	Governmental	Proprietary	Fiduciary
Scope	Entire District (except fiduciary funds).	The activity of the District that is not proprietary or fiduciary, such as instructional, support services, and community services.	Activities the District operates similar to private business. <b><u>The District does not report any program for this designation.</u></b>	Assets held by the District on behalf of someone else. <b><u>The Employee Benefit Trust Fund is reported here.</u></b>
Required financial statements	Statement of net position and statement of activities.	Balance sheet and statement of revenues, expenditures, and changes in fund balance.	Statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows.	Statement of fiduciary net position and statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting.	Modified accrual accounting.	Accrual accounting.	Accrual accounting.
	Economic resources focus.	Current financial resources focus.	Economic resources focus.	Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term.	All assets and liabilities, financial and capital, short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received or paid.

# KIMBERLY AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

**Table #2**

<b>Condensed Statement of Net Position</b>			
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>% Change</u></b>
<b><u>Assets</u></b>			
Current Assets	\$ 29,281,304	\$ 28,780,107	1.7%
Capital Assets	62,251,081	62,003,417	0.4%
Noncurrent Assets	499,762	15,753,363	(96.8%)
<b>Total Assets</b>	<b>92,032,147</b>	<b>106,536,887</b>	<b>(13.6%)</b>
Deferred Outflows of Resources	59,327,058	31,806,079	86.5%
<b><u>Liabilities</u></b>			
Current Liabilities	9,466,789	10,110,011	(6.4%)
Noncurrent Liabilities	15,161,356	7,451,802	103.5%
<b>Total Liabilities</b>	<b>24,628,145</b>	<b>17,561,813</b>	<b>40.2%</b>
Deferred Inflows of Resources	43,899,278	39,364,657	11.5%
<b><u>Net Position</u></b>			
Net Investment in Capital Assets	55,201,081	52,513,417	5.1%
Restricted	12,037,561	10,796,037	11.5%
Unrestricted	15,593,140	18,107,042	(13.9%)
<b>Total Net Position</b>	<b>\$ 82,831,782</b>	<b>\$ 81,416,496</b>	<b>1.7%</b>

**Statement of Net Position (Table #2):**

The District's overall financial status, as reflected in total net position, increased by \$1.42M to \$82.83M. The District reported total assets of \$92.03M, of which \$62.25M or 67.64% are capital assets. The District reported deferred outflows of resources of \$59.33M. The District reported total liabilities of \$24.63M, of which \$15.16M are long-term liabilities. The District reported deferred inflows of resources of \$43.90M.

# KIMBERLY AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

**Table #3**

<b>Changes in Net Position from Operating Results For Governmental Activities</b>					
	<u>Actual 2022-23</u>	<u>%</u>	<u>Actual 2021-22</u>	<u>%</u>	<u>% Change</u>
<b>Revenues:</b>					
<b>Program:</b>					
Charges for Services	\$ 8,165,074	11%	\$ 6,971,075	10%	17.1%
Operating Grants & Cont.	9,928,935	14%	9,460,828	14%	4.9%
<b>General:</b>					
Property Taxes	14,709,422	20%	14,299,924	20%	2.9%
General State Aid	39,560,190	54%	39,483,907	56%	0.2%
Other	542,205	1%	253,829	0%	113.6%
<b>Total Revenues</b>	<u>72,905,826</u>	<u>100%</u>	<u>70,469,563</u>	<u>100%</u>	3.5%
<b>Expenses:</b>					
Instruction	38,043,420	54%	33,045,469	54%	15.1%
Support Services and Nonprogram Expenses	26,494,159	37%	23,189,689	37%	14.2%
Food Service	2,300,807	3%	2,113,946	3%	8.8%
Community Service	65,292	0%	48,840	0%	33.7%
Packaged Services	159,547	0%	149,096	0%	7.0%
Interest and Fiscal Charges	200,031	0%	226,929	0%	(11.9%)
Unallocated Depreciation	4,227,284	6%	3,983,522	6%	6.1%
<b>Total Expenses</b>	<u>71,490,540</u>	<u>100%</u>	<u>62,757,491</u>	<u>100%</u>	13.9%
<b>Change in Net Position</b>	<u>\$ 1,415,286</u>		<u>\$ 7,712,072</u>		

# KIMBERLY AREA SCHOOL DISTRICT

## MANAGEMENT’S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

**Revenues (Table #3):**

For FY22-23, the District received \$72.91M in revenue. This is an increase of 3.5% or \$2.44M over the previous year. The state revenue control formula is based on enrollment and determines state aid and the non-referendum property tax levy. Enrollment decreased by 56 full-time equivalent students. State Aid and Local Property Taxes made up 74% of all revenues.

**Expenses:**

For FY22-23, the District expenditures totaled \$71.49M. This is an increase of \$8.73M over the previous year.

**Table #4**

<b>Net Cost of Governmental Activities</b>		
	<b><u>Total Cost of Services</u></b> <b><u>2023</u></b>	<b><u>Net Cost of Services</u></b> <b><u>2023</u></b>
Instruction	\$ 38,043,420	\$ 25,137,855
Support Services and Nonprogram	26,494,159	23,987,279
Food Service	2,300,807	(211,775)
Community Service	65,292	(7,962)
Packaged Services	159,547	63,819
Interest and Fiscal Charges	200,031	200,031
Unallocated Depreciation	4,227,284	4,227,284
<b>Totals</b>	<b>\$ 71,490,540</b>	<b>\$ 53,396,531</b>

**Net Cost of Governmental Activities (Table #4):**

The net cost of governmental activities was \$53.40M. This includes expenditures financed by general revenues primarily made up of property taxes, general state aid and interest income.

The total cost of all governmental activities was \$71.49M. This includes expenditures financed by general revenue plus revenue collected through direct fees, \$8.17M, and operating grants & contributions associated with specific programs, \$9.93M.

# KIMBERLY AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

### **Fund Balance:**

The District's total Fund Balance for FY22-23 increased by \$1.20M to \$22.33M.

The General Fund Balance increased by \$90,701. The fund balance represents approximately 16.01% of revenue. The District utilizes this fund balance to minimize short-term borrowing. In addition, a fund balance of this size is a positive sign of financial viability, it enhances the District's bond rating, and allows the District to respond to non-recurring economic needs.

The Debt Service Fund Balance decreased by \$11,946 to \$184,126. The debt service fund balance is restricted to making future payments on long-term debt. The fund balance carried over is based on taxes collected in 2022-2023 set aside for the September debt payment expenses in 2023-2024.

The Other Governmental Funds Balances increased by \$359,122 to \$4.36M. It consisted of the Capital Projects, Special Revenue Trust, Food Service and Community Service Funds. The fund balances in these funds support the operations of the funds.

### **General Fund Budgetary Comparison:**

The District adopts an interim budget in September for the subsequent year. Consistent with current state statutes and regulations, an original budget was adopted in October to reflect the actual revenue cap and state aid certification. The District modified its original budget. Revenues and expenditures were increased slightly.

General Fund actual revenues were less than budgeted by \$377,481. Actual revenue was within 0.61% of the final budget of \$62,123,709. Actual expenditures were within 1.35% of the final budget of \$56,363,403.

### **Capital Asset and Debt Administration:**

#### *Capital Assets*

The District added \$4.48M in capital assets in FY22-23 and disposed of \$1.29M in capital assets. Accumulated depreciation increased by \$2.94M. As a result, net capital assets increased from \$62.00M to \$62.25M.

#### *Long-term Debt*

Long-term obligations increased by \$7.71M to \$17.64M. Long-term obligations include \$7.05M in General Obligation Debt, \$38,124 in leases, \$49,330 in net pension liability - supplemental pension, \$9.16M in net pension liability - WRS, \$1.06M in net OPEB liability, and \$274,823 in Vested Employee Benefits.

The District's most recent bond rating was Aa2. Our current debt limit is \$264.74M, leaving the District the ability to borrow an additional \$257.69M (margin of indebtedness).

General Obligation Debt of the District is secured by an irrevocable tax levy adopted by the Board of Education at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for use for annual debt service payments. Kimberly Area School District complies with all statutory requirements.

# KIMBERLY AREA SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2023

### Factors that may Impact the Future of the District:

- **State Funding** - The state budget was approved with an additional \$325/student as well as the ability to increase to \$11,000 per student for low revenue districts. This allows the district to increase our revenue limit \$973/student. In addition, we will need to spend down the remainder of the Federal ESSR Funds by September of 2024.
- **Enrollment** - The District is projected to lose 100 students under the revenue limit in 2023-2024. The actual number is determined in September when the district membership count is completed.
- **Health Insurance** - The District will remain with The Group Health Trust this year, as they offered a 9% increase, which was lower than moving to a self-funded model. The District will look at a self-funded model for 2024-2025 as it will give the District more control over their health plan.
- **District Financial Position** - As a result of past practices and additional revenue under the revenue limit for low spending districts, the District is in good financial condition for this fiscal year. The declining enrollment is going to have a major impact on future expenditures for the District. It will be hard for additional revenue from the state to offset the projected decline of 100 students per year and so the District will start to develop a plan to reduce expenditures in relation to the decline in students.

### Contacting the District's Financial Management:

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Rebecca Hansen, Executive Director of Business Services & Sustainability, Kimberly Area School District, 425 S. Washington St., P.O. Box 159, Combined Locks, WI 54113.

## **BASIC FINANCIAL STATEMENTS**

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**STATEMENT OF NET POSITION  
June 30, 2023**

**ASSETS**

Current assets:

Cash and investments	\$ 22,830,432
Taxes receivable	3,115,648
Accounts receivable	227,581
Pledges receivable	3,000
Inventory	44,985
Prepays	1,145,397
Due from other governments	<u>1,914,261</u>
Total current assets	<u>29,281,304</u>

Noncurrent assets:

Lease receivable	<u>499,762</u>
Total noncurrent assets	<u>499,762</u>

Capital assets:

Land, buildings, equipment, site improvements, vehicles, and right of use assets	112,817,512
Less accumulated depreciation	<u>50,566,431</u>
Total capital assets	<u>62,251,081</u>

Total assets	<u>92,032,147</u>
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows related to WRS pension	34,024,573
Deferred outflows related to OPEB	1,777,357
Deferred outflows related to supplemental pension	<u>93,718</u>
Total deferred outflows of resources	<u>35,895,648</u>



## LIABILITIES

### Current liabilities:

Current portion of general obligation debt	2,500,000
Current portion of lease liability	33,994
Accounts payable	1,665,973
Accrued salaries and wages	2,147,932
Accrued payroll taxes and withholdings	2,963,718
Accrued interest payable	47,000
Summer school deposits	92,401
Food service deposits	75,771
Total current liabilities	<u>9,526,789</u>

### Long-term liabilities:

Unused vested employee benefits	274,823
Net pension liability - WRS	9,161,862
Net pension liability - supplemental pension	49,330
Net OPEB liability	1,061,211
Lease liability	4,130
Bonds and notes payable	4,550,000
Total long-term liabilities	<u>15,101,356</u>

Total liabilities	<u>24,628,145</u>
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## DEFERRED INFLOWS OF RESOURCES

Deferred pledge revenue	3,000
Deferred inflows related to lease receivable	445,888
Deferred inflows related to OPEB	652,909
Deferred inflows related to supplemental pension	170,879
Deferred inflows related to WRS pension	19,195,192
Total deferred inflows of resources	<u>20,467,868</u>

## NET POSITION

Net investment in capital assets	55,201,081
Restricted	12,037,561
Unrestricted	15,593,140
Total net position	<u>\$ 82,831,782</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023**

Functions	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Governmental activities:				
Instruction:				
Undifferentiated curriculum	\$ 12,431,404	\$ 3,244,360	\$ 2,579,985	\$ ( 6,607,059)
Regular curriculum	11,188,184	3,244,361	245,091	( 7,698,732)
Special curriculum	6,916,265	--	3,591,768	( 3,324,497)
Other instruction	7,507,567	--	--	( 7,507,567)
Total instruction	38,043,420	6,488,721	6,416,844	( 25,137,855)
Support services and nonprogram:				
Pupil services	2,606,790	--	572,587	( 2,034,203)
Instructional staff services	3,374,853	--	559,568	( 2,815,285)
General administration	873,599	--	--	( 873,599)
School building administration	3,430,111	--	110,000	( 3,320,111)
Business administration	9,749,095	--	463,227	( 9,285,868)
Other support services	2,455,089	--	3,589	( 2,451,500)
Nonprogram	4,004,622	--	797,909	( 3,206,713)
Total support services & nonprogram	26,494,159	--	2,506,880	( 23,987,279)
Food service	2,300,807	1,507,371	1,005,211	211,775
Community service	65,292	73,254	--	7,962
Packaged services	159,547	95,728	--	( 63,819)
Interest and fiscal charges	200,031	--	--	( 200,031)
Unallocated depreciation	4,227,284	--	--	( 4,227,284)
Totals	\$ 71,490,540	\$ 8,165,074	\$ 9,928,935	( 53,396,531)
General revenues:				
General state aid				39,560,190
Property taxes levied for:				
General purposes				12,075,200
Debt service				2,634,222
Interest income				248,290
Lease revenue				72,618
Miscellaneous				221,297
Total general revenues				54,811,817
Change in net position				1,415,286
Net position, beginning of year				81,416,496
Net position, end of year				\$ 82,831,782

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**BALANCE SHEET -  
GOVERNMENTAL FUNDS**

June 30, 2023

	General Fund	Debt Service Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 11,492,460	\$ 184,126	\$ 6,717,302	\$ 4,436,544	\$ 22,830,432
Taxes receivable, net	3,115,648	--	--	--	3,115,648
Accounts receivable	188,215	--	--	39,366	227,581
Pledges receivable	--	--	--	3,000	3,000
Inventory	--	--	--	44,985	44,985
Prepays	1,145,397	--	--	--	1,145,397
Due from other funds	--	--	550,000	2,048	552,048
Due from other governments	1,914,261	--	--	--	1,914,261
<b>Total assets</b>	<b>\$ 17,855,981</b>	<b>\$ 184,126</b>	<b>\$ 7,267,302</b>	<b>\$ 4,525,943</b>	<b>\$ 29,833,352</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,584,107	\$ --	\$ --	\$ 81,866	\$ 1,665,973
Accrued salaries and wages	2,146,738	--	--	1,194	2,147,932
Accrued payroll taxes and withholdings	2,954,422	--	--	9,296	2,963,718
Summer school deposits	92,401	--	--	--	92,401
Food service deposits	--	--	--	75,771	75,771
Due to other funds	552,048	--	--	--	552,048
<b>Total liabilities</b>	<b>7,329,716</b>	<b>--</b>	<b>--</b>	<b>168,127</b>	<b>7,497,843</b>
<b>Deferred inflows of resources:</b>					
Deferred pledge revenue	--	--	--	3,000	3,000
<b>Fund balances:</b>					
Nonspendable	1,145,397	--	--	44,985	1,190,382
<b>Spendable:</b>					
Restricted	--	184,126	7,267,302	3,395,751	10,847,179
Assigned	1,296,582	--	--	914,080	2,210,662
Unassigned	8,084,286	--	--	--	8,084,286
<b>Total fund balances</b>	<b>10,526,265</b>	<b>184,126</b>	<b>7,267,302</b>	<b>4,354,816</b>	<b>22,332,509</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 17,855,981</b>	<b>\$ 184,126</b>	<b>\$ 7,267,302</b>	<b>\$ 4,525,943</b>	<b>\$ 29,833,352</b>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

June 30, 2023

Total fund balances for governmental funds	\$ 22,332,509
Total net position reported for governmental activities in the statement of net position is different because:	
Noncurrent assets - lease receivable is not available to pay current period expenditures and, therefore, is not reported in the funds.	499,762
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The capital assets consisted of:	
Buildings, net of \$36,569,730 accumulated depreciation	52,383,912
Furniture and equipment, net of \$9,414,972 accumulated depreciation	3,830,706
Land	2,051,138
Site improvements, net of \$4,004,155 accumulated depreciation	3,757,813
Vehicles, net of \$404,001 accumulated depreciation	155,589
Right of use assets, net of \$173,573 amortization	71,923
Total capital assets	62,251,081
Deferred outflows of resources related to pensions and OPEB plans are applicable to future periods and, therefore, are not reported in the funds.	35,895,648
Deferred inflows of resources related to lease receivable, pensions and OPEB plans are applicable to future periods and, therefore, are not reported in the funds.	( 20,464,868)
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable on long-term debt was not reported as a liability in the governmental funds balance sheet.	( 47,000)
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. Interest is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of June 30, 2023, are:	
Unused vested employee benefits	( 274,823)
Net pension liability - WRS	( 9,161,862)
Net pension liability - supplemental pension	( 49,330)
Net OPEB liability	( 1,061,211)
Lease liability	( 38,124)
Bonds and notes payable, includes current portion	( 7,050,000)
Total long-term liabilities	( 17,635,350)
Total net position of governmental activities	\$ 82,831,782

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2023

	General Fund	Debt Service Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Local sources	\$ 12,546,067	\$ 2,638,658	\$ 148,062	\$ 3,224,285	\$ 18,557,072
Interdistrict sources	6,184,814	--	--	95,728	6,280,542
Intermediate sources	81,581	--	--	--	81,581
State sources	42,683,097	--	--	26,022	42,709,119
Federal sources	4,132,868	--	--	967,357	5,100,225
Other sources	106,499	--	65,755	--	172,254
Total revenues	<u>65,734,926</u>	<u>2,638,658</u>	<u>213,817</u>	<u>4,313,392</u>	<u>72,900,793</u>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Undifferentiated curriculum	12,587,674	--	--	218,390	12,806,064
Regular curriculum	11,619,772	--	--	--	11,619,772
Special curriculum	6,596,289	--	--	--	6,596,289
Other instruction	6,109,475	--	--	1,220,791	7,330,266
Total instruction	<u>36,913,210</u>	<u>--</u>	<u>--</u>	<u>1,439,181</u>	<u>38,352,391</u>
<b>Support services and nonprogram:</b>					
Pupil services	2,495,081	--	--	--	2,495,081
Instructional staff services	4,278,478	--	--	--	4,278,478
General administration	809,508	--	--	30,497	840,005
School building administration	3,272,806	--	--	--	3,272,806
Business administration	9,910,620	--	--	--	9,910,620
Debt service	--	2,650,604	--	--	2,650,604
Other support services	3,351,401	--	--	--	3,351,401
Total support services	<u>24,117,894</u>	<u>2,650,604</u>	<u>--</u>	<u>30,497</u>	<u>26,798,995</u>
Nonprogram expenses	3,999,302	--	--	5,320	4,004,622
Food service	--	--	--	2,300,807	2,300,807
Community service	--	--	--	82,737	82,737
Packaged services	--	--	--	159,547	159,547
Total expenditures	<u>65,030,406</u>	<u>2,650,604</u>	<u>--</u>	<u>4,018,089</u>	<u>71,699,099</u>
Excess of revenues over (under) expenditures	<u>704,520</u>	<u>( 11,946)</u>	<u>213,817</u>	<u>295,303</u>	<u>1,201,694</u>
<b>Other financing sources (uses):</b>					
Operating transfers in	--	--	550,000	63,819	613,819
Other financing source -					
Operating transfers (out)	( 613,819)	--	--	--	( 613,819)
Net other financing sources (uses)	<u>( 613,819)</u>	<u>--</u>	<u>550,000</u>	<u>63,819</u>	<u>--</u>
Net change in fund balances	90,701	( 11,946)	763,817	359,122	1,201,694
Fund balance, beginning of year	10,435,564	196,072	6,503,485	3,995,694	21,130,815
Fund balance, end of year	<u>\$ 10,526,265</u>	<u>\$ 184,126</u>	<u>\$ 7,267,302</u>	<u>\$ 4,354,816</u>	<u>\$ 22,332,509</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2023

Net change in fund balances-governmental funds	\$ 1,201,694
The change in net position reported for governmental activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is capitalized and depreciated over their useful lives. This is the amount by which depreciation is less than capital outlays in the current period.	247,664
Accrued interest expense on long-term debt is reported in the district-wide statement of activities and changes in net position but does not require the use of current financial resources. Therefore, accrued interest on long-term debt is not reported as an expenditure in governmental funds.	10,573
Governmental funds report lease revenue as other revenues. Lease revenue and related interest income are reported on the statement of activities. This is the difference between what was reported on the statement of activities and what was reported in the governmental funds.	5,034
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the pension expense based on WRS calculations that exceeded the amount contributed by the District.	( 1,870,328)
Governmental funds report district supplemental pension contributions as expenditures. However, in the statement of activities and changes in net position, the cost of pension benefits earned net of employee contributions is reported as pension expense.	( 41,701)
Governmental funds report unused vested employee benefits on a pay-as-you-go basis. The district-wide statement of activities includes unused vested employee benefits expense on an accrual basis. This is the amount by which the pay-as-you-go basis exceeds the accrual basis in the current year.	( 27,775)
Other post employment benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned throughout the year. This is the amount by which other post employment benefits paid exceed the amounts earned.	( 604,858)
Loan proceeds are reported as financing sources in governmental funds and, thus, contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. This is the amount by which repayments exceeded proceeds.	2,494,983
Changes in net position of governmental activities	<u>\$ 1,415,286</u>

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS**

June 30, 2023

	<u>Employee Benefit Trust Fund</u>
<b>ASSETS</b>	
Investments - OPEB	\$ 11,381,691
Investments - supplemental pension	304,523
Investments - HRA	1,557,837
Investments - TSA	2,396,334
Accounts receivable	<u>720,208</u>
Total assets	<u>16,360,593</u>
<b>LIABILITIES</b>	
Accounts payable	<u>188,215</u>
Total liabilities	<u>188,215</u>
<b>NET POSITION</b>	
Restricted for OPEB	12,048,822
Restricted for supplemental pension	180,158
Restricted for HRA	1,544,772
Restricted for TSA	<u>2,398,626</u>
Total net position	<u><u>\$ 16,172,378</u></u>

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY , WISCONSIN**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS**

For the Year Ended June 30, 2023

	<u>Employee Benefit Trust Fund</u>
<b>ADDITIONS</b>	
District contributions - OPEB	\$ 955,488
District contributions - TSA	129,074
District contributions - HRA	55,150
Plan member contributions - OPEB	177,525
Investment income - OPEB	882,534
Investment income - HRA	142,219
Investment income - supplemental pension	25,254
Investment income - TSA	192,912
Total additions	<u>2,560,156</u>
<b>DEDUCTIONS</b>	
Employee benefit payments - OPEB	564,332
Employee benefit payments - TSA	16,836
Employee benefit payments - supplemental pension	28,342
Employee benefit payments - HRA	364,050
Total deductions	<u>973,560</u>
Change in net position	1,586,596
Net position, beginning of year	<u>14,585,782</u>
Net position, end of year	<u>\$ 16,172,378</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THESE STATEMENTS.



**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies:**

The financial statements of Kimberly Area School District (District) have been prepared in conformity with U.S. generally accepted accounting principles (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**

Kimberly Area School District is a common school district. The District, governed by a seven member elected Board of Education, operates grades K through 12 and is comprised of all or parts of five taxing districts. The District receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement since it has decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and also because it is primarily accountable for fiscal matters. In addition, there are no component units, as defined in GASB Statement 61 that are included in the District's reporting entity.

**B. Fund Accounting**

The accounts of the District are organized on the basis of funds and account groups, as prescribed by the Wisconsin Department of Public Instruction for elementary and secondary school districts, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures as appropriate. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The District operates the following major governmental funds:

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

Capital improvement fund - the capital improvement fund is used to account for financial resources to be used for the acquisition or construction of capital facilities. The District may not expend money deposited into the trust fund for a period of five years.

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

The District operates the following nonmajor governmental funds:

Special revenue funds - special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specified purposes. The District uses Special Revenue Funds to account for their special revenue trusts, food service, community service programs, and packaged services.

Facility improvements fund - the facility improvements fund is a capital projects fund used to account for financial resources to be used for the future improvement of facilities.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

Capital projects funds - capital projects funds are used to account for financial resources to be used for the acquisition or construction of capital facilities (other than those financed by trust funds).

Fiduciary funds - fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include employee benefit trust funds. Employee benefit trust funds are set up to put aside monies for future post retirement benefits. They are irrevocable and can only be dissolved after all the trust assets have been used for their intended purpose.

**C. Basis of Presentation**

*District-wide Financial Statements*

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between governmental and business-type activities of the District. The District did not have any business-type activities in place at June 30, 2023.

The district-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliation between the district-wide statements and the governmental fund statements.

The statement of net position presents the financial condition of the government activities of the District at year-end. The statement of activities presents a comparison between the direct expenses and program revenues for each function or program of the governmental activities and for each identifiable activity of the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. All taxes and revenues not classified as program revenues are presented as general revenues of the District.

*Fund Financial Statements*

Fund financial statements report detailed information about the District. Their focus is on major funds rather than reported funds by type. Each major governmental fund is presented in a single column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets.

**D. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using the modified accrual basis of accounting.

*Revenues - Exchange and Nonexchange Transactions*

Revenues resulting from exchange transactions are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, investment earnings, tuition, grants, and student fees.

*Expenditures*

Under the accrual basis of accounting, expenditures are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. Budgetary Accounting**

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes. The legally adopted budget and budgetary expenditure control is exercised at the object level in the general fund and at the total expenditures level for all other funds. Reported budget amounts are as originally adopted or as amended by the Board of Education resolution.

**F. Cash and Investments**

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All funds share common (pooled) checking and investment accounts unless regulations require separate investment accounts.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

All investments are stated at fair value. Determination of fair value for investment held for the employee benefit trust fund is based on information provided by BMO Financial Group.

**G. Property Taxes**

The aggregate district tax levy is apportioned and certified by November 6th of the current fiscal year for collection to comprising municipalities based on the immediate past October 1st full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31st, and the final payment no later than the following July 31st. On or before January 15th, 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 20th, the County Treasurer makes full settlement to the District for any remaining balance. The County assumes all responsibility for delinquent real property taxes.

Property taxes are recognized as revenue in the period that the taxes are levied as if they are due in the current year and available to pay current liabilities. The 2022 tax levy is used to finance operations of the District's fiscal year ended June 30, 2023. All property taxes are considered due on January 1, 2023, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

**H. Receivables**

Receivables at June 30, 2023, consisted of taxes, accounts, interest, and governmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of federal and state programs.

Pledges receivable are recognized as revenue in the period the contribution is received. When pledged, the amount is recorded as an asset and a liability. The pledges are recorded at present value depending on the expected payment date.

**I. Inventories and Prepaid Items**

Inventories are valued at the lower of cost or the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

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

Vacation benefits are accrued as a liability if the employee's right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and state laws.

The entire compensated absence liability is reported on the district-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are expected to be paid using expendable available resources. The balance of the liability is not recorded.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

**K. Capital Assets and Depreciation**

General capital assets are reported in the district-wide statement of net position, but not in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirement during the year. Donated fixed assets are recorded at their fair value as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 with the exception of computers, for which a \$500 cost is used, and a useful life of less than one year, unless their exclusion as a group would make the financial statements materially misleading. The District does not possess any infrastructure. All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital asset.

Depreciation is computed using the straight-line method over the following useful lives:

Land	Not depreciated
Buildings	50 years
Site improvements	10-50 years
Furniture, equipment, and vehicles	5-7 years

The District's assets under capitalized lease obligations are recorded at the fair market value at the inception of the respective lease. The amounts capitalized are being amortized by the straight-line method over the lesser of the term of the lease or the estimated life of the asset. Amortization off these assets is included in depreciation expense.

**L. Interfund Activity**

Short-term interfund loans are classified as interfund receivables/payables in the fund financial statements. These amounts are eliminated in the statement of net position.

**M. Accrued Liabilities and Long-term Debt**

All accrued liabilities and long-term debt are reported in the district-wide financial statements.

For governmental fund financial statements, accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

**N. Pensions**

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

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

**O. Other Post Employment Benefits Plan**

For purposes of measuring the net other post employment benefits (OPEB) liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/ deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported to the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**P. Deferred Outflows / Inflows of Resources**

The District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. The District has items in this category relating to its OPEB, supplemental pension and its share of the WRS pension.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that time. The District has items this category relating to the deferred pledge revenue, lease receivables, its OPEB, supplemental pension and its share of the WRS pension.

**Q. Fund Equity**

In the fund financial statements, governmental funds report aggregate amounts for the classifications of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories or (b) legally or contractually required to be maintained intact - principal balance of endowments and permanent funds.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance - this classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions of enabling legislation.

Committed fund balance - these amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education - the District's highest level of decision making authority. The District had no committed fund balance at June 30, 2023.

Assigned fund balance - this classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. Intent can be expressed by the Board of Education or by an individual or subordinate high level body to which the board has delegated authority. The Director of Business Services is the delegated authority to assign fund balance resources to a specific intended purpose in accordance with provisions of the fund balance policy or as otherwise directed by the Board.

Unassigned fund balance - this fund balance includes any remaining amounts that are not classified as nonspendable, restricted, committed or assigned.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 1. Summary of Significant Accounting Policies - Continued:**

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

The District has set a goal of maintaining an unassigned fund balance in the general fund that is equivalent to at least 10% of the anticipated general fund expenditure budget for the subsequent fiscal year. The purpose of maintaining this fund balance is to reduce the need for short-term borrowing and the costs associated with it, serve as a safeguard against unexpected expenses or unrealized revenues, and maintain a high credit rating for the District.

*District-Wide Statements*

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

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

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.

**R. Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 2. Cash and Investments:**

The debt service fund and capital projects funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. In addition, Fiduciary Funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

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

The District is required to invest its funds in accordance with Wisconsin Statute 66.0603 (1m). The Board of Education has adopted an investment policy pursuant to these statutes that allows the District to invest in the following:

Time deposits

Securities guaranteed by the U. S. Government

Securities of Wisconsin Municipal Units

Securities of Wisconsin Educational and Local Government Investment Pool

Bonds issued by a local exposition district

Bonds issued by a local professional baseball park district

Bonds issued by a local professional stadium district

Bonds issued by the University of Wisconsin Hospitals and Clinics Authority

Bonds issued by a local cultural arts district

Bonds issued by the Wisconsin Aerospace Authority

Securities, which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired and received the highest or second highest rating category assigned by Standard & Poor's Corporation, Moody's Investors Service, or other similar nationally recognized rating agency

Securities of an open-ended management investment company or investment trust, if the investment company does not charge a sales load, is registered under the investment company act of 1940, and the portfolio is limited to bonds and securities issued by the federal government, bonds that are guaranteed by the federal government, or repurchase securities that are fully collateralized by bonds or securities

Under the 2005 Wisconsin Act 99, school districts are allowed to invest funds held in trust to provide for post-employment health care benefits and other post-employment benefits provided separately from a defined benefit pension plan in the same manner as authorized for investments under Wisconsin Statute 881.01 "Uniform Prudent Investor Act".

Under Wisconsin Statute 881.01, a trustee who invests and manages assets of the trust must comply with the prudent investor rule set forth in the statute. This rule requires the trustee of an employee benefit trust to exercise reasonable care, skill and caution when investing and managing the assets of the trust.



**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 2. Cash and Investments - Continued:**

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (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.

Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 per official custodian for demand deposits and an additional \$250,000 for time and savings deposits. In addition, the State of Wisconsin has a State Guarantee Fund that provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

As of June 30, 2023, the carrying amount of the District's deposits was \$8,831,872 and the bank balance was \$7,303,570. Of the bank balance, \$500,000 was covered by FDIC insurance. The remaining amount was collateralized by Associated Bank.

The District's investments for the employee benefit trust are held in an irrevocable trust and are registered in the name of the corporate trustee for the benefit of the District. The District's investments are not exposed to custodial credit risk because the assets are held in the irrevocable trust and cannot be assigned to the obligations of the custodian in the case of the custodian becoming insolvent.

The carrying amount of the District's cash and investments totaled \$38,470,817 on June 30, 2023, as summarized below:

Deposits with financial institutions	\$ 15,074,030
Investments:	
Wisconsin Investment Series Cooperative	7,756,402
BMO Financial Group	<u>15,640,385</u>
Total	<u>\$ 38,470,817</u>
Reconciliation to the basic financial statements:	
Statement of net position	\$ 22,830,432
Fiduciary funds:	
Employee Benefit Trust Fund	<u>15,640,385</u>
Total	<u>\$ 38,470,817</u>

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 2. Cash and Investments - Continued:**

Following is the distribution of the District's investments by each investment type:

	Original Cost	Fair Value
Investments:		
WISC:		
Investment Management Series	\$ 2,067,619	\$ 2,067,619
Cash Management Series	4,364,895	4,364,895
Limited Term Duration Series	1,323,888	1,323,888
BMO Financial Group (Employee Benefit Trust Fund):		
Money market funds	179,665	179,665
Bond mutual funds	8,232,500	6,980,811
Equity funds	6,794,603	8,479,908
Total investments	\$ 22,963,170	\$ 23,396,786

*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 investments 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	Ranges from AAA - B	AAA	Aa	Not Rated
WISC:					
Cash Management Series	\$ 4,364,895	\$ --	\$ 4,364,895	\$ --	\$ --
Investment Management Series	2,067,619	--	2,067,619	--	--
Limited Term Duration Series	1,323,888	--	--	1,323,888	--
BMO Financial Group:					
Money market	179,665	--	--	--	179,665
Bond mutual funds	6,980,811	6,980,811	--	--	--
Equity funds	8,479,908	--	--	--	8,479,908
Totals	\$ 23,396,786	\$ 6,980,811	\$ 6,432,514	\$ 1,323,888	\$ 8,659,573

The District does not have a formal policy to address credit risk, but the risk is mitigated by the fact that the District is not invested in any individual securities and is invested in index funds, which allow for a more diversified portfolio.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 2. Cash and Investments - Continued:**

*Interest Rate Risk*

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

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

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
<b>WISC:</b>					
Cash Management Series	\$ 4,364,895	\$ 4,364,895	\$ --	\$ --	\$ --
Investment Management Series	2,067,619	2,067,619	--	--	--
Limited Term Duration Series	1,323,888	1,323,888	--	--	--
<b>BMO Financial Group:</b>					
Money market	179,665	179,665	--	--	--
Bond mutual funds	6,980,811	6,980,811	--	--	--
Equity funds	8,479,908	8,479,908	--	--	--
<b>Totals</b>	<b>\$ 23,396,786</b>	<b>\$ 23,396,786</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>

*Investment in Wisconsin Series Investment Cooperation*

The District has investments in the Wisconsin Investment Series Cooperative (WISC) of \$7,756,402 at year-end consisting of \$4,364,895 invested in the Cash Management Series, \$2,067,619 invested in the Investment Management Series, and \$1,323,888 invested in the Limited Term Duration Series.

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.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 3. Changes in Capital Assets:**

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Buildings	\$ 86,977,174	\$ 1,982,187	\$ 5,719	\$ 88,953,642
Furniture and equipment	13,075,541	1,320,880	1,150,743	13,245,678
Land	2,051,138	--	--	2,051,138
Site improvements	6,627,253	1,134,715	--	7,761,968
Vehicles	581,590	--	22,000	559,590
Right of use asset	316,073	37,166	107,743	245,496
Totals	<u>109,628,769</u>	<u>4,474,948</u>	<u>1,286,205</u>	<u>112,817,512</u>
Accumulated depreciation:				
Buildings	34,224,219	2,349,715	4,204	36,569,730
Furniture and equipment	9,139,891	1,151,079	875,998	9,414,972
Site improvements	3,664,808	339,347	--	4,004,155
Vehicles	373,468	52,533	22,000	404,001
Right of use asset	222,966	33,798	83,191	173,573
Totals	<u>47,625,352</u>	<u>3,926,472</u>	<u>985,393</u>	<u>50,566,431</u>
Capital assets, net	<u>\$ 62,003,417</u>	<u>\$ 548,476</u>	<u>\$ 300,812</u>	<u>\$ 62,251,081</u>

All depreciation expense was charged to unallocated depreciation.

**Note 4. Interfund Transactions:**

Interfund balances on the fund financial statements at June 30, 2023, consisted of the following:

<i>Fund</i>	Due From	Due To
General fund	\$ --	\$ 552,048
Capital improvement fund	550,000	--
Food service	2,048	--
Totals	<u>\$ 552,048</u>	<u>\$ 552,048</u>

The inter-fund balance between the general fund and the capital improvement fund exists to provide additional funding for future capital improvement projects.

The inter-fund balance between the general fund and the food service fund exists to provide additional funding for the general fund.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 4. Interfund Transactions - Continued:**

Inter-fund transfers on the fund financial statements for the year ended June 30, 2023, consisted of the following:

Transfer from the general fund to the capital improvement fund	\$	550,000
Transfer from the general fund to the packaged services fund		63,819
		63,819
Total	\$	613,819

The inter-fund transfer between the general fund and the capital improvement fund was made to provide additional funding for future capital improvement projects.

The inter-fund transfer between the expansion fund and the facility improvements fund was to provide funding for packaged services

**Note 5. Long-term Obligations:**

Long-term obligations of the District are as follows:

<i>Type</i>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
General obligation debt	\$ 9,490,000	\$ --	\$ 2,440,000	\$ 7,050,000	\$ 2,500,000
Leases	93,107	--	54,983	38,124	33,994
Net pension liability - WRS	--	9,161,862	--	9,161,862	-
Net OPEB liability	--	1,061,211	--	1,061,211	--
Net pension liability - supplemental pension	98,531	--	49,201	49,330	--
Vested employee benefits	247,048	27,775	--	274,823	--
Totals	\$ 9,928,686	\$ 10,250,848	\$ 2,544,184	\$ 17,635,350	\$ 2,533,994

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 5. Long-term Obligations - Continued:**

Total interest paid for the year ended June 30, 2023, was \$210,568 for general obligation debt.

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2023, is comprised of the following issues:

<i>Description</i>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balances</u>
General obligation refunding bonds	9/29/2020	0.83%	3/1/2023	\$ --
General obligation refunding bonds	12/3/2015	2.00 - 2.50	9/1/2025	4,650,000
General obligation promissory note	6/5/2017	2.00 - 3.00	3/1/2027	<u>2,400,000</u>
Total general obligation debt				<u>\$ 7,050,000</u>

The 2022 equalized valuation of the District as certified by the Wisconsin Department of Revenue was \$2,647,397,638. The legal debt limit and margin of indebtedness as of June 30, 2023, in accordance with Section 67.03(1)(b) of the Wisconsin Statutes is as follows:

Debt limit (10% of 2,647,397,638)	\$ 264,739,764
Deduct long-term debt applicable to debt margin	<u>7,050,000</u>
Margin of indebtedness	<u>\$ 257,689,764</u>

Aggregate cash flow requirements for the retirement of general obligation debt principal and interest on June 30, 2023, are as follows:

<i>Year ending June 30,</i>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2024	\$ 2,500,000	\$ 189,993	\$ 2,689,993
2025	2,550,000	118,750	2,668,750
2026	1,000,000	55,000	1,055,000
2027	1,000,000	30,000	1,030,000
Totals	<u>\$ 7,050,000</u>	<u>\$ 393,743</u>	<u>\$ 7,443,743</u>

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 6. Leases:**

The District, as a lessee, has entered into lease agreements involving three parking lots, a portion of a building, and an apartment.

The total costs of the District's lease assets are recorded as \$245,496, less accumulated amortization of \$173,573.

The future lease payments under lease arrangements are as follows:

Year ending <i>June 30,</i>	
2024	\$ 33,994
2025	4,130
Totals	<u>\$ 38,124</u>

The District, as a lessor, has entered into several lease agreements involving two portions of a building, and the space above a building. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the fiscal year was \$72,618.

**Note 7. Excess of Actual Expenditures Over Budget in General Fund:**

The general fund had an excess of actual expenditures over budget for the year ended June 30, 2023:

General fund:	
Co-curricular activities	\$ 2,426
Special needs	33,606
Instructional staff services	553,019
Business administration	394,780
Insurance and judgements	642
Special education fund:	
Pupil services	130,736
Instructional staff services	89,004
Business administration	161,340
Tuition payments	211,042

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 8. Fund Balance Reporting:**

The following table discloses details of the amounts reported in the various fund balance categories as of June 30, 2023:

Description	General Fund	Debt Service Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable:					
Prepaid expense	\$ 1,145,397	\$ --	\$ --	\$ --	\$ 1,145,397
Inventory	--	--	--	44,985	44,985
Restricted:					
Debt service	--	184,126	--	--	184,126
Capital projects	--	--	7,267,302	1,986,513	9,253,815
Food service	--	--	--	1,409,238	1,409,238
Assigned:					
Donations - special revenue trust fund	--	--	--	862,538	862,538
Community service fund	--	--	--	51,542	51,542
HRA	83,247	--	--	--	83,247
Self-funded dental insurance	1,213,335	--	--	--	1,213,335
Unassigned	8,084,286	--	--	--	8,084,286
Total fund balances	<u>\$ 10,526,265</u>	<u>\$ 184,126</u>	<u>\$ 7,267,302</u>	<u>\$ 4,354,816</u>	<u>\$ 22,332,509</u>

**Note 9. Pledges Receivable:**

Included in pledges receivable are the following unconditional promises to give at June 30, 2023:

Unconditional promises to give	\$ 3,000
Less: unamortized discount	--
Net unconditional promises to give	<u>3,000</u>
Less current portion	<u>3,000</u>
Net long-term unconditional promises to give	<u>\$ --</u>



**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 10. General Information About the WRS Pension Plan:**

**Plan Description**

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

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

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

**Vesting**

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

**Benefits Provided**

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

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

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

The WRS also provides death and disability benefits for employees.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 10. General Information About the WRS Pension Plan - Continued:**

**Post-Retirement Adjustments**

The Employee Trust Funds Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s. 40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the system's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases.

By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the "floor") set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment (%)	Variable Fund Adjustment (%)
2013	(9.6)	9
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
2022	7.4	15

**Contributions**

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

During the reporting period, the WRS recognized \$1,983,755 in contributions from the employer.

Contribution rates as of December 31, 2022 are:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.50%	6.50%
Protective with Social Security	6.50%	12.00%
Protective without Social Security	6.50%	16.40%

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 10. General Information About the WRS Pension Plan - Continued:**

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

At June 30, 2023, the District reported a liability (asset) of \$9,161,862 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021, rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.17294026%, which was a decrease of 0.00279191% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized a reduction of pension expense of \$4,666,269.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,592,007	\$ 19,170,622
Changes in assumptions	1,801,601	--
Net differences between expected and actual earnings on pension plan investments	15,563,890	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	69,288	24,570
Employer contributions subsequent to the measurement date	<u>1,997,787</u>	<u>--</u>
Totals	<u>\$ 34,024,573</u>	<u>\$ 19,195,192</u>

\$1,997,787 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 liability (asset) in the year ended June 30, 2023.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 10. General Information About the WRS Pension Plan - Continued:**

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

Year ending <i>June 30,</i>	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ 17,698,294	\$ 17,162,851
2024	15,524,202	12,863,048
2025	12,480,706	9,746,894
2026	9,754,994	2,853,809
Thereafter	--	--

**Actuarial Assumptions**

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2021
Measurement date of net pension liability (asset)	December 31, 2022
Experience study	January 1, 2018 - December 31, 2020 Published November 19, 2021
Actuarial cost method	Entry age Normal
Asset valuation method	Fair value
Long-term expected rate of return	6.8%
Discount rate	6.8%
Salary increases:	
Wage Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Post-retirement adjustments*	1.7%

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

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

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 10. General Information About the WRS Pension Plan - Continued:**

**Long-term Expected Return on Plan Assets**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**Asset Allocation Targets and  
Expected Returns  
As of December 31, 2022**

Core Fund Asset Class	Asset Allocation%	Rate of Return %	
		Long-Term Expected Nominal	Long-Term Expected Real
Global equities	48	7.6	5
Fixed income	25	5.3	2.7
Inflation sensitive assets	19	3.6	1.1
Real estate	8	5.2	2.6
Private equity/debt	15	9.6	6.9
Total Core Fund	115	7.4	4.8
<b>Variable Fund Asset Class</b>			
U.S. equities	70	7.2	4.6
International equities	30	8.1	5.5
Total Variable Fund	100	7.7	5.1

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

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

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 10. General Information About the WRS Pension Plan - Continued:**

**Single Discount Rate**

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

	<u>1% Decrease to Discount Rate (5.8%)</u>	<u>Current Discount Rate (6.8%)</u>	<u>1% Increase to Discount Rate (7.8%)</u>
District's proportionate share of the net pension liability (asset)	<u>\$ 30,407,923</u>	<u>\$ 9,161,862</u>	<u>\$ ( 5,453,605)</u>

**Pension Plan Fiduciary Net Position**

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

**Payable to WRS Pension Plan**

The District reported a payable of \$717,682 for the outstanding amount of contributions to the Plan for the year ended June 30, 2023.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 11. General Information About the OPEB Plan:**

**Plan Description and Benefits Provided**

The District's post employment medical plan is a single-employer, defined benefit healthcare plan administered by the District. The plan provides medical and life insurance benefits, including HRA contributions, to eligible retirees and their spouses. The authority to establish and amend benefit provisions is with the Board of Education. There is no financial report issued by the plan.

**Employees Covered by Benefit Terms**

At June 30, 2022, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	200
Inactive plan members entitled to but not receiving benefits	--
Active plan members	581
Total	781

**Contributions**

The contribution requirements of the District are established and may be amended by the Board. The Board establishes rates based on an actuarially determined rate. For the year ended June 30, 2023, the District's average contribution rate was 0% of covered-employee payroll. Employees are not required to contribute to the plan.

**Net OPEB Liability**

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

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 %
Salary increases	3.0 %
Investment rate of return	5.0 %, net of OPEB plan investment expenses
Healthcare cost trend rates	Medical: Initial rate of 7.0%, then 6.5% decreasing by 0.1% per year down to 4.5%, and level thereafter

Mortality rates were based on the Wisconsin 2021 Mortality Table adjusted for future mortality improvements using the MP-2021 fully generated improvement scale from a base year of 2010.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 11. General Information About the OPEB Plan - Continued:**

**Investment Policy**

Funds for the OPEB plan, "Employee Benefit Trust", adheres to Wisconsin Statute 881.01 "Uniform Prudent Investor Act" which requires reasonable care, skill, and caution in the investment and managing of trust assets. The Employee Benefit Trust is managed by BMO Financial Group.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.0%. The projection of cash flows used to determine the single discount rate assumed that employer 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 future benefit payments of current plan members. Therefore, the long-term expected rate of return on the OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at 6/30/2021	\$ 11,720,480	\$ 12,753,559	\$ ( 1,033,079)
Changes for the year:			
Service cost	453,331	--	453,331
Interest	585,145	--	585,145
Changes of benefit terms	--	--	--
Differences between expected and actual experience	( 457,913)	--	( 457,913)
Changes of assumptions	( 196,243)	--	( 196,243)
Contributions - employer	--	--	--
Net investment income	--	( 1,709,970)	1,709,970
Benefit payments	( 488,499)	( 488,499)	--
Adjustment	--	--	--
Net changes	( 104,179)	( 2,198,469)	2,094,290
Balances at 6/30/2022	\$ 11,616,301	\$ 10,555,090	\$ 1,061,211



**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 11. General Information About the OPEB Plan - Continued:**

**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%-point lower (4.0%) or 1%-point higher (6.0%) than the discount rate:

	1% Decrease (4.0%)	Discount Rate (5.0%)	1% Increase (6.0%)
Total OPEB liability	\$ 12,766,659	\$ 11,616,301	\$ 10,628,826
Fiduciary net position	10,555,090	10,555,090	10,555,090
Net OPEB liability	\$ 2,211,569	\$ 1,061,211	\$ 73,736

**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%-point lower or 1%-point higher than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB liability	\$ 11,219,402	\$ 11,616,301	\$ 12,067,180
Fiduciary net position	10,555,090	10,555,090	10,555,090
Net OPEB liability	\$ 664,312	\$ 1,061,211	\$ 1,512,090

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 11. General Information About the OPEB Plan - Continued:**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the District recognized an increase of OPEB expense of \$604,858. At June 30, 2023, 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	\$ 685,585	\$ 416,285
Changes of assumptions	68,625	236,624
Net difference between projected and actual earnings on OPEB plan investments	924,616	--
District contributions subsequent to the measurement date	--	--
<b>Totals</b>	<b>\$ 1,777,357</b>	<b>\$ 652,909</b>

\$0 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023.

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

Year ending <i>June 30,</i>			
2023	\$	180,548	
2024		192,757	
2025		187,562	
2026		501,533	
2027		34,446	
Thereafter		( 70,929)	

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 12. General Information About the Pension Plan - Supplemental Pension:**

**Plan Description**

The District provides a supplemental pension benefit to eligible employees in the form of a cash stipend. The supplemental pension plan is a single-employer defined benefit plan administered by the District. The amount of the stipend is determined by individual years of service with the District and will be paid out annually in five equal payments. The benefits paid to eligible retirees are accounted for under GASB Statement No. 68. There is no financial report issued with the plan.

**Benefits Provided**

The District provides eligible 12-month Administrators with a cash benefit upon retirement. The total amount of this stipend is determined by individual years of service with the District and will be paid out annually in five equal payments. Additionally, the District Administrator is eligible to receive tax-sheltered annuity contributions over a period of five years should they separate from the District for any reason other than retirement. Further, eligible Administrators, Teachers, Administrative Assistants and Nurses will receive a \$150 stipend if they participate in the District Sponsored Health Risk Assessment. They will receive an additional \$150 if their spouse participates.

**Employees Covered by Benefit Terms**

At June 30, 2022, the most recent actuarial valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	--
Active employees	178
Total employees	<u>237</u>

**Contributions**

The required contribution is based on projected pay-as-you-go financing requirements.

**Net Pension Liability**

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

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 12. General Information About the Pension Plan - Supplemental Pension - Continued:**

**Actuarial Assumptions**

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.0 percent, average, including inflation
Investment rate of return	5.0 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the experience study conducted in 2021 using the Wisconsin Retirement System experience form 2018-2020.

The long-term expected rate of return on pension plan investments was calculated by the actuary.

**Discount Rate**

The discount rate used to measure the total pension liability was 5.0%. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/21	\$ 343,930	\$ 245,399	\$ 98,531
Changes for the year:			
Service cost	32,263	--	32,263
Interest	17,497	--	17,497
Differences between expected and actual experience	( 43,398)	--	( 43,398)
Changes of assumptions	12,711	--	12,711
Contributions - employer	--	98,531	( 98,531)
Net investment income	--	( 30,257)	30,257
Benefit payments	( 20,233)	( 20,233)	--
Adjustment	--	--	--
Net changes	( 1,160)	48,041	( 49,201)
Balances at 6/30/22	\$ 342,770	\$ 293,440	\$ 49,330

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 12. General Information About the Pension Plan - Supplemental Pension - Continued:**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the District, calculated using the discount rate of 5.0%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.0%) or 1-percentage-point higher (6.0%) than the current rate:

	1% Decrease to Discount Rate (4.0%)	Current Discount Rate (5.0%)	1% Increase to Discount Rate (6.0%)
Total pension liability	\$ 373,543	\$ 342,770	\$ 313,691
Fiduciary net position	293,440	293,440	293,440
District's net pension liability	\$ 80,103	\$ 49,330	\$ 20,251

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2023, the District recognized pension expense of \$32,263. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 6,533	\$ 72,348
Differences between expected and actual experience	70,606	--
Changes of assumptions	16,579	--
Contributions subsequent to the measurement date	--	98,531
Totals	\$ 93,718	\$ 170,879

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

Year ending <i>June 30,</i>	
2023	\$ 3,516
2024	4,099
2025	4,025
2026	10,215
2027	1,319
Thereafter	( 1,814)

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 13. Limitation on School District Revenues:**

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

- A resolution of the Board of Education or by a referendum prior to August 12, 1993
- A referendum on or after August 12, 1993

**Note 14. Contingent Liabilities:**

**Risk management** - The District is exposed to various risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance coverage for most of these risks. There were no significant reductions in purchased coverage for the year ended June 30, 2023. No settlements exceeded insured amounts in the last three fiscal years.

**Litigation** - from time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and counsel that the likelihood is remote, due in part to insurance coverage, that any other such claims or proceedings will have a material effect on the District's financial position.

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

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**Note 15. Fair Value Measurement:**

The District's investments measured and reported at fair value are classified according to the following hierarchy:

Level 1 - Investments reflect prices quoted in active markets

Level 2 - Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active

Level 3 - Investments reflect prices based upon unobservable sources

The categorization of investments with the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

The fair values of the District's investments were classified as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
Money market funds	\$ 179,665	\$ --	\$ --	\$ 179,665
Bond mutual funds	6,980,811	--	--	6,980,811
Equity funds	8,479,908	--	--	8,479,908
WISC	--	7,756,402	--	7,756,402
Totals	<u>\$ 15,640,384</u>	<u>\$ 7,756,402</u>	<u>\$ --</u>	<u>\$ 23,396,786</u>

Investments classified in the Level 1 of the fair value hierarchy are valued using prices provided by BMO Financial Group for the District's employee benefit trust. Investments classified in the Level 2 of the fair value hierarchy are valued using prices provided by the Wisconsin Investment Series Cooperative.

**Note 16. Subsequent Events:**

The District has evaluated all subsequent events through December 7, 2023, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**



**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

Other Post Employment Benefits Plan

Last 10 Fiscal Years\*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total OPEB liability:			
Service cost	\$ 453,331	\$ 431,744	\$ 418,996
Interest	585,145	561,039	506,025
Changes in benefit terms	--	--	--
Changes of assumptions or other input	( 457,913)	--	94,359
Differences between expected and actual experience	( 196,243)	--	634,361
Benefit payments	( 488,499)	( 554,415)	( 565,264)
Net change in total OPEB liability	<u>( 104,179)</u>	<u>438,368</u>	<u>1,088,477</u>
Total OPEB liability - beginning	11,720,480	11,282,112	10,193,635
Total OPEB liability - ending	<u>\$ 11,616,301</u>	<u>\$ 11,720,480</u>	<u>\$ 11,282,112</u>
Plan fiduciary net position:			
Contributions - employer	\$ --	\$ 925,289	\$ 602,206
Contributions - employee	--	--	--
Net investment income	( 1,709,970)	2,093,574	464,604
Changes of benefit terms	--	--	--
Benefit payments	( 488,499)	( 554,415)	( 565,264)
Adjustment	--	--	( 5,496)
Net change in plan fiduciary net position	<u>( 2,198,469)</u>	<u>2,464,448</u>	<u>496,050</u>
Total fiduciary net position - beginning	12,753,559	10,289,111	9,793,061
Total fiduciary net position - ending	<u>\$ 10,555,090</u>	<u>\$ 12,753,559</u>	<u>\$ 10,289,111</u>
Net OPEB liability - ending	<u>\$ 1,061,211</u>	<u>\$ ( 1,033,079)</u>	<u>\$ 993,001</u>
Plan fiduciary net position as a percentage of the total OPEB liability	90.86%	108.81%	91.20%
The District's covered employee payroll	\$ 28,960,213	\$ 28,771,046	\$ 28,771,046
Net OPEB liability as a percentage of employee payroll	3.66%	-3.59%	3.45%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2017 is the first year that this information has been made available due to implementation of GASB 74 and 75.

2020	2019	2018	2017
\$ 418,996	\$ 440,643	\$ 417,671	\$ 417,671
488,432	494,664	469,756	493,084
--	22,729	--	( 779,895)
--	( 106,741)	--	--
--	411,086	--	--
( 545,854)	( 407,782)	( 484,295)	( 625,700)
361,574	854,599	403,132	( 494,840)
9,832,061	8,977,462	8,574,330	9,069,170
<u>\$ 10,193,635</u>	<u>\$ 9,832,061</u>	<u>\$ 8,977,462</u>	<u>\$ 8,574,330</u>
\$ 1,195,704	\$ 1,063,362	\$ 500,852	\$ --
--	--	--	29,590
509,015	379,481	582,253	13,597
--	--	--	( 1,651,700)
( 545,854)	( 407,782)	( 484,295)	( 625,700)
--	--	--	--
1,158,865	1,035,061	598,810	( 2,234,213)
8,634,196	7,599,135	7,000,325	9,234,538
<u>\$ 9,793,061</u>	<u>\$ 8,634,196</u>	<u>\$ 7,599,135</u>	<u>\$ 7,000,325</u>
<u>\$ 400,574</u>	<u>\$ 1,197,865</u>	<u>\$ 1,378,327</u>	<u>\$ 1,574,005</u>
96.07%	87.82%	84.65%	81.64%
\$ 26,580,147	\$ 26,580,147	\$ 25,462,407	\$ 25,462,407
1.51%	4.51%	5.41%	6.18%

SEE NOTES TO REQUIRED OPEB PLAN SCHEDULES.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

Other Post Employment Benefits Plan

Last 10 Fiscal Years\*

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contributions	\$ 1,009,059	\$ 979,669	\$ 1,107,118
Contributions in relation to the actuarially determined contributions	<u>--</u>	<u>925,289</u>	<u>602,206</u>
Contribution deficiency (excess)	<u>\$ 1,009,059</u>	<u>\$ 54,380</u>	<u>\$ 504,912</u>
District's covered employee payroll	\$ 28,960,213	\$ 28,771,046	\$ 28,771,046
Contributions as a percentage of covered employee payroll	0.00%	3.22%	2.09%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2017 is the first year that this information has been made available due to implementation of GASB 74 and 75.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 1,074,872	\$ 517,543	\$ 502,469	\$ 149,898
<u>1,195,704</u>	<u>1,063,362</u>	<u>500,852</u>	<u>--</u>
<u>\$ ( 120,832)</u>	<u>\$ ( 545,819)</u>	<u>\$ 1,617</u>	<u>\$ 149,898</u>
\$ 26,580,147	\$ 26,580,147	\$ 25,462,407	\$ 25,462,407
4.50%	4.00%	1.97%	0.00%

SEE NOTES TO REQUIRED OPEB PLAN SCHEDULES.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO REQUIRED OPEB PLAN SCHEDULES**  
For the Year Ended June 30, 2023

**Note 1. Change of Benefit Terms:**

There were no changes of benefit terms for this benefit.

**Note 2. Changes of Assumptions:**

There was an updated experience study used for the actuarial assumptions. The study was conducted in 2021 using the Wisconsin Retirement System experience from 2018-2020.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY (ASSET)**

Wisconsin Retirement System

Last 10 Fiscal Years\*

Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
06/30/15	0.17186293%	\$ ( 4,220,263)	\$ 24,215,128	102.74%
06/30/16	0.17641696%	2,866,741	25,876,176	98.20%
06/30/17	0.17773582%	1,464,968	25,749,956	99.12%
06/30/18	0.18074833%	( 5,366,632)	27,011,798	102.93%
06/30/19	0.18071005%	6,429,097	27,971,564	96.45%
06/30/20	0.18014404%	( 5,808,666)	28,289,385	102.96%
06/30/21	0.17699905%	( 11,050,296)	28,845,965	105.26%
06/30/22	0.17699905%	( 14,164,336)	30,667,731	106.02%
06/30/23	0.17294026%	9,161,862	30,519,397	95.72%

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

2015 was the first year that this information was made available due to implementation of GASB 68.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**  
Wisconsin Retirement System  
Last 10 Fiscal Years\*

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
06/30/15	\$ 1,695,062	\$ 1,695,062	\$ --	\$ 24,215,128	7.00%
06/30/16	1,759,623	1,759,623	--	25,876,176	6.80%
06/30/17	1,699,479	1,699,479	--	25,749,956	6.60%
06/30/18	1,836,806	1,836,806	--	27,011,798	6.80%
06/30/19	1,874,097	1,874,097	--	27,971,564	6.70%
06/30/20	1,852,947	1,852,947	--	28,289,385	6.55%
06/30/21	1,947,106	1,947,106	--	28,845,965	6.75%
06/30/22	2,070,076	2,070,076	--	30,667,731	6.75%
06/30/23	1,983,755	1,983,755	--	30,519,397	6.50%

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

2015 was the first year that this information was made available due to implementation of GASB 68.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO REQUIRED WRS SCHEDULES  
For the Year Ended June 30, 2023**

**Note 1. Changes of Benefit Terms**

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

**Note 2. Changes of Assumptions**

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

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

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

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the 2020 Wisconsin 2018 Mortality Table.



**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
Supplemental Pension Plan  
Last 10 Fiscal Years\***

	2023	2022	2021	2020
Total pension liability:				
Service cost	\$ 32,263	\$ 30,727	\$ 24,101	\$ 22,953
Interest	17,497	16,128	10,876	10,343
Changes in benefit terms	--	--	--	--
Differences between expected and actual experience	( 43,398)	--	5,193	--
Changes of assumptions or other input	12,711	--	81,786	--
Benefit payments	( 20,233)	( 20,234)	( 20,233)	( 26,188)
Net change in total pension liability	( 1,160)	26,621	101,723	7,108
Total pension liability - beginning	343,930	317,309	215,586	208,478
Total pension liability - ending	<u>\$ 342,770</u>	<u>\$ 343,930</u>	<u>\$ 317,309</u>	<u>\$ 215,586</u>
Plan fiduciary net position:				
Contributions - employer	\$ 98,531	\$ --	\$ --	\$ --
Net investment income	( 30,257)	41,656	10,238	13,973
Benefit payments	( 20,233)	( 20,234)	( 20,233)	( 26,188)
Adjustment	--	--	11,663	--
Net change in plan fiduciary net position	48,041	21,422	1,668	( 12,215)
Total fiduciary net position - beginning	245,399	223,977	222,309	234,524
Total fiduciary net position - ending	<u>\$ 293,440</u>	<u>\$ 245,399</u>	<u>\$ 223,977</u>	<u>\$ 222,309</u>
Net pension liability (asset) - ending	<u>\$ 49,330</u>	<u>\$ 98,531</u>	<u>\$ 93,332</u>	<u>\$ ( 6,723)</u>
Plan fiduciary net position as a percentage of the total pension liability	85.61%	71.35%	70.59%	103.12%
The District's covered employee payroll	\$ 12,743,670	\$ 14,307,233	\$ 14,307,233	\$ 2,103,290
Net pension liability (asset) as a percentage of covered employee payroll	0.39%	0.69%	0.65%	-0.32%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2015 was the first year that this information has been made available due to implementation of GASB 68.

2019	2018	2017	2016	2015
\$ 18,074	\$ 18,074	\$ 17,201	\$ 17,201	\$ 17,201
13,708	12,364	10,027	8,607	7,262
--	--	4,802	--	--
( 63,020)	--	6,137	--	--
5,528	--	3,899	--	--
( 12,016)	--	--	--	--
( 37,726)	30,438	42,066	25,808	24,463
246,204	215,766	173,700	147,892	123,429
<u>\$ 208,478</u>	<u>\$ 246,204</u>	<u>\$ 215,766</u>	<u>\$ 173,700</u>	<u>\$ 147,892</u>
\$ 15,745	\$ 8,068	\$ --	\$ 19,509	\$ 84,834
( 431)	12,438	310	( 30)	19,373
( 12,016)	--	--	--	--
--	--	--	--	--
3,298	20,506	310	19,479	104,207
231,226	210,720	210,410	190,931	86,724
<u>\$ 234,524</u>	<u>\$ 231,226</u>	<u>\$ 210,720</u>	<u>\$ 210,410</u>	<u>\$ 190,931</u>
<u>\$ ( 26,046)</u>	<u>\$ 14,978</u>	<u>\$ 5,046</u>	<u>\$ ( 36,710)</u>	<u>\$ ( 43,039)</u>
112.49%	93.92%	97.66%	121.13%	129.10%
\$ 2,103,290	\$ 2,058,403	\$ 2,058,403	\$ 1,893,414	\$ 1,893,414
-1.24%	0.73%	0.25%	-1.94%	-2.27%

SEE NOTES TO REQUIRED SUPPLEMENTAL PENSION PLAN SCHEDULES.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
Supplemental Pension Plan  
Last 10 Fiscal Years\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined	\$ 37,617	\$ 36,521	\$ 23,599	\$ 22,912
Contributions in relation to the actuarially determined contributions	<u>98,531</u>	<u>--</u>	<u>--</u>	<u>--</u>
Contribution deficiency (excess)	<u>\$ ( 60,914)</u>	<u>\$ 36,521</u>	<u>\$ 23,599</u>	<u>\$ 22,912</u>
The District's covered employee payroll	\$ 12,743,670	\$ 14,307,233	\$ 14,307,233	\$ 2,103,290
Contributions as a percentage of covered employee payroll	0.77%	0.00%	0.00%	0.00%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

2015 was the first year that this information has been made available due to implementation of GASB 68.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 19,894	\$ 19,315	\$ 8,625	\$ 8,625	\$ 43,325
<u>15,745</u>	<u>8,068</u>	<u>--</u>	<u>19,509</u>	<u>84,834</u>
<u>\$ 4,149</u>	<u>\$ 11,247</u>	<u>\$ 8,625</u>	<u>\$ ( 10,884)</u>	<u>\$ ( 41,509)</u>
\$ 2,103,290	\$ 2,058,403	\$ 2,058,403	\$ 1,893,414	\$ 1,893,414
0.75%	0.39%	0.00%	1.03%	4.48%

SEE NOTES TO REQUIRED SUPPLEMENTAL PENSION PLAN SCHEDULES.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO REQUIRED SUPPLEMENTAL PENSION PLAN SCHEDULES  
For the Year Ended June 30, 2023**

**Note 1. Changes of Benefit Terms**

There were no changes of benefit terms for this benefit.

**Note 2. Changes of Assumptions**

There was an updated experience study used for the actuarial assumptions. The study was conducted in 2021 using the Wisconsin Retirement System experience from 2018-2020.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL -  
GENERAL FUND**

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Local sources	\$ 12,572,886	\$ 12,460,700	\$ 12,546,067	\$ 85,367
Interdistrict sources	6,488,820	6,285,710	6,124,814	( 160,896)
Intermediate sources	32,007	32,007	81,581	49,574
State sources	39,740,608	40,102,417	40,297,570	195,153
Federal sources	2,780,928	3,180,875	2,589,697	( 591,178)
Other sources	62,000	62,000	106,499	44,499
Total revenues	<u>61,677,249</u>	<u>62,123,709</u>	<u>61,746,228</u>	<u>( 377,481)</u>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Undifferentiated curriculum	13,221,471	13,213,302	12,587,674	625,628
Regular curriculum	12,268,464	11,976,555	11,619,772	356,783
Vocational curriculum	2,667,075	2,665,436	2,448,823	216,613
Physical curriculum	1,787,672	1,795,429	1,738,096	57,333
Co-curricular activities	867,531	943,984	946,410	( 2,426)
Special needs	1,003,766	942,540	976,146	( 33,606)
Total instruction	<u>31,815,979</u>	<u>31,537,246</u>	<u>30,316,921</u>	<u>1,220,325</u>
<b>Support services and nonprogram:</b>				
Pupil services	1,592,145	1,584,952	1,508,429	76,523
Instructional staff services	2,822,884	3,237,979	3,790,998	( 553,019)
General administration	806,068	852,016	809,508	42,508
School building administration	3,441,726	3,338,173	3,272,806	65,367
Business administration	8,789,183	8,873,500	9,268,280	( 394,780)
Central services	856,233	913,237	776,591	136,646
Insurance and judgments	320,000	320,000	320,642	( 642)
Other support services	2,397,963	2,384,544	2,254,168	130,376
Nonprogram	3,074,762	3,321,756	3,289,761	31,995
Total support services and nonprogram	<u>24,100,964</u>	<u>24,826,157</u>	<u>25,291,183</u>	<u>( 465,026)</u>
Total expenditures	<u>55,916,943</u>	<u>56,363,403</u>	<u>55,608,104</u>	<u>755,299</u>
Excess of revenues over expenditures	5,760,306	5,760,306	6,138,124	377,818
<b>Other financing sources (uses):</b>				
Operating transfers in (out)	( 5,760,306)	( 5,760,306)	( 6,047,423)	( 287,117)
Net change in fund balances	--	--	90,701	90,701
Fund balances, beginning of year	10,435,564	10,435,564	10,435,564	--
Fund balances, end of year	<u>\$ 10,435,564</u>	<u>\$ 10,435,564</u>	<u>\$ 10,526,265</u>	<u>\$ 90,701</u>

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL -  
SPECIAL EDUCATION FUND  
For the Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>				
Interdistrict sources	\$ 60,000	\$ 60,000	\$ 60,000	\$ --
State sources	2,019,012	2,019,012	2,385,527	366,515
Federal sources	1,483,956	1,483,956	1,543,171	59,215
Total revenues	<u>3,562,968</u>	<u>3,562,968</u>	<u>3,988,698</u>	<u>425,730</u>
<b>Expenditures:</b>				
Instruction:				
Special curriculum	7,006,415	7,006,415	6,596,289	410,126
Support services and nonprogram:				
Pupil services	855,916	855,916	986,652	( 130,736)
Instructional staff services	398,476	398,476	487,480	( 89,004)
Business administration	481,000	481,000	642,340	( 161,340)
Insurance and judgments	--	--	--	--
Nonprogram	498,500	498,500	709,542	( 211,042)
Total support services and nonprogram	<u>2,233,892</u>	<u>2,233,892</u>	<u>2,826,014</u>	<u>( 592,122)</u>
Total expenditures	<u>9,240,307</u>	<u>9,240,307</u>	<u>9,422,303</u>	<u>( 181,996)</u>
Excess of revenues (under) expenditures	( 5,677,339)	( 5,677,339)	( 5,433,605)	243,734
Other financing sources (uses):				
Operating transfers in (out)	<u>5,677,339</u>	<u>5,677,339</u>	<u>5,433,605</u>	<u>( 243,734)</u>
Net change in fund balances	--	--	--	--
Fund balances, beginning of year	--	--	--	--
Fund balances, end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**OTHER SUPPLEMENTARY INFORMATION**



**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2023

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
<b>ASSETS</b>			
Cash and investments	\$ 2,444,711	\$ 1,991,833	\$ 4,436,544
Accounts receivable	39,366	--	39,366
Pledges receivable	--	3,000	3,000
Due from other funds	2,048	--	2,048
Inventory	44,985	--	44,985
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 2,531,110</u>	<u>\$ 1,994,833</u>	<u>\$ 4,525,943</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 76,546	\$ 5,320	\$ 81,866
Accrued salaries and wages	1,194	--	1,194
Accrued payroll taxes and withholdings	9,296	--	9,296
Food service deposits	75,771	--	75,771
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities	<u>162,807</u>	<u>5,320</u>	<u>168,127</u>
 <b>Deferred inflows of resources</b>			
Deferred pledge revenue	<u>          --</u>	<u>          3,000</u>	<u>          3,000</u>
 <b>Fund balances:</b>			
Nonspendable	44,985	--	44,985
<b>Spendable:</b>			
Restricted	1,409,238	1,986,513	3,395,751
Assigned	914,080	--	914,080
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total fund balances	<u>2,368,303</u>	<u>1,986,513</u>	<u>4,354,816</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,531,110</u>	<u>\$ 1,994,833</u>	<u>\$ 4,525,943</u>

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2023**

	Special Revenue Fund	Capital Projects Fund	Totals
<b>Revenues:</b>			
Local sources	\$ 3,090,405	\$ 133,880	\$ 3,224,285
Interdistrict sources	95,728	--	95,728
State sources	26,022	--	26,022
Federal sources	967,357	--	967,357
<b>Total revenues</b>	<b>4,179,512</b>	<b>133,880</b>	<b>4,313,392</b>
<b>Expenditures:</b>			
<b>Instruction:</b>			
Undifferentiated curriculum	218,390	--	218,390
Other instruction	1,220,791	--	1,220,791
<b>Total instruction</b>	<b>1,439,181</b>	<b>--</b>	<b>1,439,181</b>
<b>Support services:</b>			
General administration	30,497	--	30,497
Nonprogram	--	5,320	5,320
<b>Total support services     and nonprogram</b>	<b>30,497</b>	<b>5,320</b>	<b>35,817</b>
Food service	2,300,807	--	2,300,807
Community service	82,737	--	82,737
Packaged services	159,547	--	159,547
<b>Total expenditures</b>	<b>4,012,769</b>	<b>5,320</b>	<b>4,018,089</b>
<b>Excess of revenues     over expenditures</b>	<b>166,743</b>	<b>128,560</b>	<b>295,303</b>
<b>Other financing sources:</b>			
Operating transfer in	63,819	--	63,819
<b>Net change in fund balances</b>	<b>230,562</b>	<b>128,560</b>	<b>359,122</b>
<b>Fund balances, beginning of year</b>	<b>2,137,741</b>	<b>1,857,953</b>	<b>3,995,694</b>
<b>Fund balances, end of year</b>	<b>\$ 2,368,303</b>	<b>\$ 1,986,513</b>	<b>\$ 4,354,816</b>

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS**

June 30, 2023

	Special Revenue Trust	Food Service	Community Service	Packaged Services	Totals
<b>ASSETS</b>					
Cash and investments	\$ 862,913	\$ 1,551,675	\$ 53,415	\$( 23,292)	\$ 2,444,711
Accounts receivable	--	7,457	--	31,909	39,366
Due from other governments	--	--	--	--	--
Due from other funds	--	2,048	--	--	2,048
Inventory	--	44,985	--	--	44,985
<b>Total assets</b>	<b>\$ 862,913</b>	<b>\$ 1,606,165</b>	<b>\$ 53,415</b>	<b>\$ 8,617</b>	<b>\$ 2,531,110</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 375	\$ 76,171	\$ --	\$ --	\$ 76,546
Accrued salaries and wages	--	--	1,194	--	1,194
Accrued payroll taxes and withholdings	--	--	679	8,617	9,296
Food service deposits	--	75,771	--	--	75,771
<b>Total liabilities</b>	<b>375</b>	<b>151,942</b>	<b>1,873</b>	<b>8,617</b>	<b>162,807</b>
<b>Fund balances:</b>					
Nonspendable	--	44,985	--	--	44,985
<b>Spendable:</b>					
Restricted	--	1,409,238	--	--	1,409,238
Assigned	862,538	--	51,542	--	914,080
<b>Total fund balances</b>	<b>862,538</b>	<b>1,454,223</b>	<b>51,542</b>	<b>--</b>	<b>2,368,303</b>
<b>Total liabilities and fund balances</b>	<b>\$ 862,913</b>	<b>\$ 1,606,165</b>	<b>\$ 53,415</b>	<b>\$ 8,617</b>	<b>\$ 2,531,110</b>

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2023**

	Special Revenue Trust	Food Service	Community Service	Packaged Services	Totals
<b>Revenues:</b>					
Local sources	\$ 1,497,948	\$ 1,519,203	\$ 73,254	\$ --	\$ 3,090,405
Interdistrict sources	--	--	--	95,728	95,728
State sources	--	26,022	--	--	26,022
Federal sources	--	967,357	--	--	967,357
Total revenues	<u>1,497,948</u>	<u>2,512,582</u>	<u>73,254</u>	<u>95,728</u>	<u>4,179,512</u>
<b>Expenditures:</b>					
<b>Instruction:</b>					
Undifferentiated curriculum	218,390	--	--	--	218,390
Other instruction	1,220,791	--	--	--	1,220,791
Total instruction	<u>1,439,181</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,439,181</u>
<b>Support services:</b>					
General administration	30,497	--	--	--	30,497
Total support services	<u>30,497</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>30,497</u>
Food service	--	2,300,807	--	--	2,300,807
Community service	--	--	82,737	--	82,737
Packaged services	--	--	--	159,547	159,547
Total expenditures	<u>1,469,678</u>	<u>2,300,807</u>	<u>82,737</u>	<u>159,547</u>	<u>4,012,769</u>
Excess of revenues over expenditures	28,270	211,775	( 9,483)	( 63,819)	166,743
<b>Other financing sources (uses):</b>					
Operating transfers in	--	--	--	63,819	63,819
Net change in fund balances	28,270	211,775	( 9,483)	--	230,562
Fund balances, beginning of year	834,268	1,242,448	61,025	--	2,137,741
Fund balances, end of year	<u>\$ 862,538</u>	<u>\$ 1,454,223</u>	<u>\$ 51,542</u>	<u>\$ --</u>	<u>\$ 2,368,303</u>

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**COMBINING BALANCE SHEET -  
NONMAJOR CAPITAL PROJECTS FUNDS  
June 30, 2023**

	Facility Improvements Fund	Capital Fund	Totals
<b>ASSETS</b>			
Cash and investments	\$ 804,444	\$ 1,187,389	\$ 1,991,833
Pledges receivable	3,000	--	3,000
<b>Total assets</b>	<b>\$ 807,444</b>	<b>\$ 1,187,389</b>	<b>\$ 1,994,833</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 5,320	\$ --	\$ 5,320
<b>Total liabilities</b>	<b>5,320</b>	<b>--</b>	<b>5,320</b>
 <b>Deferred inflows of resources:</b>			
Deferred pledge revenue	3,000	--	3,000
 <b>Fund balances:</b>			
<b>Spendable:</b>			
Restricted	799,124	1,187,389	1,986,513
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 807,444</b>	<b>\$ 1,187,389</b>	<b>\$ 1,994,833</b>

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES -  
NONMAJOR CAPITAL PROJECTS FUNDS  
For the Year Ended June 30, 2023**

	Facility Improvements Fund	Capital Fund	Totals
<b>Revenues:</b>			
Local sources	\$ 124,205	\$ 9,675	\$ 133,880
<b>Expenditures:</b>			
Support services:			
Nonprogram expenses	5,320	--	5,320
Net change in fund balances	118,885	9,675	128,560
<b>Fund balances, beginning of year</b>	<b>680,239</b>	<b>1,177,714</b>	<b>1,857,953</b>
<b>Fund balances, end of year</b>	<b>\$ 799,124</b>	<b>\$ 1,187,389</b>	<b>\$ 1,986,513</b>

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**COMBINING BALANCE SHEET -  
GENERAL FUND**

June 30, 2023

	General Fund	Special Education Fund	Eliminations	General Fund Combined
<b>ASSETS</b>				
Cash and investments	\$ 11,607,822	\$ ( 115,362)	\$ --	\$ 11,492,460
Taxes receivable, net	3,115,648	--	--	3,115,648
Accounts receivable	188,215	--	--	188,215
Due from other governments	1,327,978	586,283	--	1,914,261
Prepays	1,145,397	--	--	1,145,397
<b>Total assets</b>	<u>\$ 17,385,060</u>	<u>\$ 470,921</u>	<u>\$ --</u>	<u>\$ 17,855,981</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,439,835	\$ 144,272	\$ --	\$ 1,584,107
Accrued salaries and wages	2,146,738	--	--	2,146,738
Accrued payroll taxes and withholdings	2,627,773	326,649	--	2,954,422
Summer school deposits	92,401	--	--	92,401
Due to other funds	552,048	--	--	552,048
<b>Total liabilities</b>	<u>6,858,795</u>	<u>470,921</u>	<u>--</u>	<u>7,329,716</u>
<b>Fund balances:</b>				
Nonspendable	1,145,397	--	--	1,145,397
Spendable:				
Assigned	1,296,582	--	--	1,296,582
Unassigned	8,084,286	--	--	8,084,286
<b>Total fund balances</b>	<u>10,526,265</u>	<u>--</u>	<u>--</u>	<u>10,526,265</u>
 <b>Total liabilities and fund balances</b>	 <u>\$ 17,385,060</u>	 <u>\$ 470,921</u>	 <u>\$ --</u>	 <u>\$ 17,855,981</u>

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GENERAL FUND**

For the Year Ended June 30, 2023

	General Fund	Special Education Fund	Eliminations	General Fund Combined
<b>Revenues:</b>				
Local sources	\$ 12,546,067	\$ --	\$ --	\$ 12,546,067
Interdistrict sources	6,124,814	60,000	--	6,184,814
Intermediate sources	81,581	--	--	81,581
State sources	40,297,570	2,385,527	--	42,683,097
Federal sources	2,589,697	1,543,171	--	4,132,868
Other sources	106,499	--	--	106,499
<b>Total revenues</b>	<b>61,746,228</b>	<b>3,988,698</b>	<b>--</b>	<b>65,734,926</b>
<b>Expenditures:</b>				
<b>Instruction:</b>				
Undifferentiated curriculum	12,587,674	--	--	12,587,674
Regular curriculum	11,619,772	--	--	11,619,772
Special curriculum	--	6,596,289	--	6,596,289
Other instruction	6,109,475	--	--	6,109,475
<b>Total instruction</b>	<b>30,316,921</b>	<b>6,596,289</b>	<b>--</b>	<b>36,913,210</b>
<b>Support services and nonprogram:</b>				
Pupil services	1,508,429	986,652	--	2,495,081
Instructional staff services	3,790,998	487,480	--	4,278,478
General administration	809,508	--	--	809,508
School building administration	3,272,806	--	--	3,272,806
Business administration	9,268,280	642,340	--	9,910,620
Other support services	3,351,401	--	--	3,351,401
Nonprogram expenses	3,289,760	709,542	--	3,999,302
<b>Total support services and nonprogram</b>	<b>25,291,182</b>	<b>2,826,014</b>	<b>--</b>	<b>28,117,196</b>
<b>Total expenditures</b>	<b>55,608,103</b>	<b>9,422,303</b>	<b>--</b>	<b>65,030,406</b>
<b>Excess of revenues over (under) expenditures</b>	<b>6,138,125</b>	<b>( 5,433,605)</b>	<b>--</b>	<b>704,520</b>
<b>Other financing sources (uses):</b>				
Operating transfers in	--	5,433,605	( 5,433,605)	--
Operating transfers (out)	( 6,047,424)	--	5,433,605	( 613,819)
<b>Net other financing sources (uses)</b>	<b>( 6,047,424)</b>	<b>5,433,605</b>	<b>--</b>	<b>( 613,819)</b>
<b>Net change in fund balances</b>	<b>90,701</b>	<b>--</b>	<b>--</b>	<b>90,701</b>
<b>Fund balances, beginning of year</b>	<b>10,435,564</b>	<b>--</b>	<b>--</b>	<b>10,435,564</b>
<b>Fund balances, end of year</b>	<b>\$ 10,526,265</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 10,526,265</b>



**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2023**

Federal Grantor/ Pass-Through Grantor/ Award Description	Assistance Listing Number	Pass-Through Identification Number	Accrued Receivable 06/30/22
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Pass-Through Programs From:			
WI Department of Public Instruction:			
<i>Child Nutrition Cluster:</i>			
National School Breakfast	10.533	2023-442835-DPI-SB-546	\$ 1,962
National School Lunch-noncash	10.555	2023-442835-DPI-NSL-001	--
National School Lunch-cash	10.555	2023-442835-DPI-NSL-547	17,955
Special Milk Program for Children	10.556	2023-442835-DPI-SMP-548	39
Child Nutrition Cluster Totals			<u>19,956</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Pass-Through Programs From:			
WI Department of Public Instruction:			
Title I-A Basic Grant	84.010	2023-442835-DPI-TIA-141	<u>42,428</u>
<i>Special Education Cluster:</i>			
IDEA Flow Through	84.027	2023-442835-DPI-IDEA-FT-341	193,544
IDEA Preschool Entitlement	84.173	2023-442835-DPI-IDEA-PS-347	16,923
Special Education Cluster Totals			<u>210,467</u>
Title II-A Teacher / Principal Training	84.367	2023-442835-DPI-TIIA-365	<u>25,675</u>
Title IV-A Student Support and Academic Enrichment Grant	84.424	2023-442835-DPI-TIV-A-381	--
Elementary and Secondary School Emergency Relief	84.425	2023-442835-DPI-ESSERF-160	--
Elementary and Secondary School Emergency Relief	84.425	2023-442835-DPI-ESSERFII-163	309,308
Elementary and Secondary School Emergency Relief	84.425	2023-442835-DPI-ESSERFIII-165	--
Evidence-Based Improvement Strategies	84.425	2023-442835-DPI-EBIS-165	--
CESA #6:			
Carl Perkins	84.048	N/A	--
Immigrant Children & Youth Grant	84.365A	N/A	--
Title III-A	84.365	N/A	--
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Pass-Through Programs From:			
WI Department of Health Services			
Medical Assistance Program	93.778	N/A	<u>27,988</u>
Totals			<u><u>\$ 635,822</u></u>

<u>Expenditures</u>	<u>Grantor Reimbursement</u>	<u>Accrued Receivable 06/30/23</u>
\$ 55,996	\$ 57,958	\$ --
169,237	169,237	--
732,229	750,184	--
9,267	9,306	--
<u>966,729</u>	<u>986,685</u>	<u>--</u>
<u>105,358</u>	<u>88,628</u>	<u>59,158</u>
1,246,765	855,917	584,392
36,249	51,280	1,892
<u>1,283,014</u>	<u>907,197</u>	<u>586,284</u>
45,929	37,559	34,045
34,382	5,770	28,612
281	281	--
674,456	445,655	538,109
734,169	522,705	211,464
423,980	226,541	197,439
18,994	18,994	--
1,107	1,107	--
5,369	5,369	--
<u>330,433</u>	<u>358,421</u>	<u>--</u>
<u>\$ 4,624,201</u>	<u>\$ 3,604,912</u>	<u>\$ 1,655,111</u>

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
For the Year Ended June 30, 2023**

State Grantor/ Award Description	State ID Number	Pass-Through Identification Number	Accrued Receivable 06/30/22
<b>WI DEPARTMENT OF PUBLIC INSTRUCTION</b>			
Special Education and			
School Age Parents	255.101	442835-100	\$ --
State School Lunch Aid	255.102	442835-107	--
Common School Fund Library Aid	255.103	442835-104	--
General Transportation Aid	255.107	442835-102	--
General Equalization Aid	255.201	442835-116	--
High Cost Special Ed State Aid	255.210	442835-119	--
State School Breakfast Aid	255.344	442835-108	--
Per Pupil Aid	255.945	442835-113	--
Educator Effective Evaluation			
System Grants	255.940	442835-154	--
Career and Technical Education			
Incentive Grants	255.950	442835-152	--
Assessments of Reading Readiness	255.956	442835-166	--
Special Education Transition			
Incentive Grants	255.960	442835-168	--
CESA #4:			
Peer-to-Peer Suicide			
Prevention Grant	255.246	N/A	--
Totals			<u>\$ --</u>

<u>Expenditures</u>	<u>Grantor Reimbursement</u>	<u>Accrued Receivable 06/30/23</u>
\$ 2,348,191	\$ 2,348,191	\$ --
20,886	20,886	--
279,422	279,422	--
84,980	84,980	--
36,084,324	36,084,324	--
24,916	24,916	--
5,136	5,136	--
3,452,526	3,452,526	--
29,840	29,840	--
78,304	78,304	--
11,231	11,231	--
12,420	12,420	--
1,000	1,000	--
<u>\$ 42,433,176</u>	<u>\$ 42,433,176</u>	<u>\$ --</u>

SEE NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS.

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL  
AND STATE AWARDS**

For the Year Ended June 30, 2023

**Note 1. Basis of Presentation:**

The accompanying schedules of expenditures of federal and state awards (schedules) include the federal and state grant activity of Kimberly Area School District under programs of the federal and state governments for the year ended June 30, 2023. The information in these schedules is 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*. Because the schedules present only a selected portion of the operations of Kimberly Area School District, they are not intended to and do not present the financial position, changes in the net assets or cash flow of Kimberly Area School District.

**Note 2. Summary of Significant Accounting Policies:**

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Kimberly Area School District has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance. Pass-through entity identifying numbers are presented where available.

**Note 3. Special Education and School Age Parents Program:**

The 2022-2023 eligible costs under the state special education program as reported by the District are \$2,004,012. The estimated aid reimbursement for 2023-2024 is \$2,458,263.

**Note 4. Noncash Awards:**

The federal donated commodities in the Child Nutrition Cluster is administered by the U.S. Department of Agriculture and passed through the Wisconsin Department of Instruction and transactions relating to this program are included in the District's basic financial statements. Commodities received during the year that are included in the federal expenditures are valued by the federal agency. There are no balances outstanding as of June 30, 2023.



**Erickson & Associates, S.C.**  
*Certified Public Accountants*

1000 West College Avenue • Appleton, Wisconsin 54914 • (920) 733-4957 • FAX (920) 733-6221  
255 South Main Street • Fond du Lac, Wisconsin 54935 • (920) 921-4189 • FAX (920) 923-1149  
www.erickson-cpas.com

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

Board of Education  
Kimberly Area School District  
Kimberly, 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 Kimberly Area School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2023.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

## **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*.

## **Kimberly Area School District's Response to Findings**

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

*Erickson & Associates, S.C.*

ERICKSON & ASSOCIATES, S.C.  
Appleton, Wisconsin  
December 7, 2023



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255 South Main Street • Fond du Lac, Wisconsin 54935 • (920) 921-4189 • FAX (920) 923-1149  
www.erickson-cpas.com

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

Board of Education  
Kimberly Area School District  
Kimberly, Wisconsin

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

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

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

**Basis for Opinion on Each Major Federal and State Program**

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

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

**Responsibilities of Management for Compliance**

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



## **Auditor's Responsibilities for the Audit of Compliance**

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses 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.

**Purpose of this Report**

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

*Erickson & Associates, S.C.*

ERICKSON & ASSOCIATES, S.C.

Appleton, Wisconsin

December 7, 2023

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

**Summary of Auditor's Results:**

*Financial Statements*

Type of auditor's report on financial statements:	Unmodified opinion
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes
Noncompliance material to the financial statements?	No

*Federal Awards*

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditor's report on compliance for major programs:	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	
84.425	Elementary and Secondary School Emergency Relief Fund
84.027	<i>Special Education Cluster:</i>
84.173	IDEA Flow Through IDEA Preschool Entitlement

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	Yes

*State Awards*

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses?	No
Type of auditor's report on compliance for major programs:	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with <i>State Single Audit Guidelines</i> ?	No
Identification of major state programs:	
255.101	Special Education and School Age Parents
255.201	General Equalization Aid
255.945	Per Pupil Aid

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

For the Year Ended June 30, 2023

**Summary of Auditor's Results - Continued:**

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

**2023-001 Financial Statement Preparation**

**Condition:** The District has historically relied upon its auditors to assist in the preparation of the district-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the District's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered part of the District's internal controls.

**Criteria:** We are required to report on whether the District is able to prepare financial statements in accordance with generally accepted accounting principles (GAAP). The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data, and (2) reporting district-wide and fund financial statements, including the related footnotes.

**Cause:** The additional cost of hiring experienced staff and additional training outweigh the derived benefits.

**Effect:** Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.

**Identification of a  
Repeat Finding:**

This is a repeat finding from previous audits, see 2022-001.

**Recommendation:**

The District should continue to evaluate the cost/benefit of outsourcing the task of preparing the financial statements to the external auditors verses preparing them internally or outsourcing the preparation to another third party.

**Views of  
Responsible**

**Official:** See District's corrective action plan.

**Federal and State Findings and Questioned Costs:** None reported

**Other Issues:**

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the District's ability to continue as a going concern?	No
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Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies agencies that require audits to be in accordance with the State Single Audit Guidelines? Department of Public Instruction	No
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**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

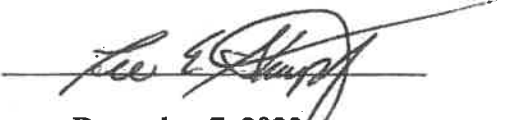
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
For the Year Ended June 30, 2023

**Other Issues - Continued:**

Was a management letter or other document conveying audit  
comments issued as a result of this audit?

Yes

Signature of shareholder



December 7, 2023

Date of report

**KIMBERLY AREA SCHOOL DISTRICT  
KIMBERLY, WISCONSIN**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

For the Year Ended June 30, 2023

**Status of Prior Year Audit Findings**

The findings noted in the 2022 Schedule of Findings and Questioned Costs have been reported to the proper federal and state agencies.

Regarding finding 2022-001, management continues to believe that due to budget constraints, it is not practicable for the District to hire additional staff to correct this finding.



## **CORRECTIVE ACTION PLAN** For the Year Ended June 30, 2023

### **2023-001 Financial Statement Preparation**

**Corrective Action Plan:** The District has evaluated the cost/benefit of outsourcing the task of preparing the financial statements to the auditors. The District has determined that it is in the best interest of the District to continue to do so. The District will carefully review the draft of the financial statements and notes prior to approving them and accept responsibility for their content and presentation.

**Anticipated Corrective Action Plan Completion Date:** Ongoing.

The contact person responsible for the corrective action plan is Rebecca Hansen, Executive Director of Business Services & Sustainability.

A handwritten signature in black ink that reads "Rebecca Hansen".

Rebecca Hansen  
Executive Director of Business Services & Sustainability  
920-788-7900