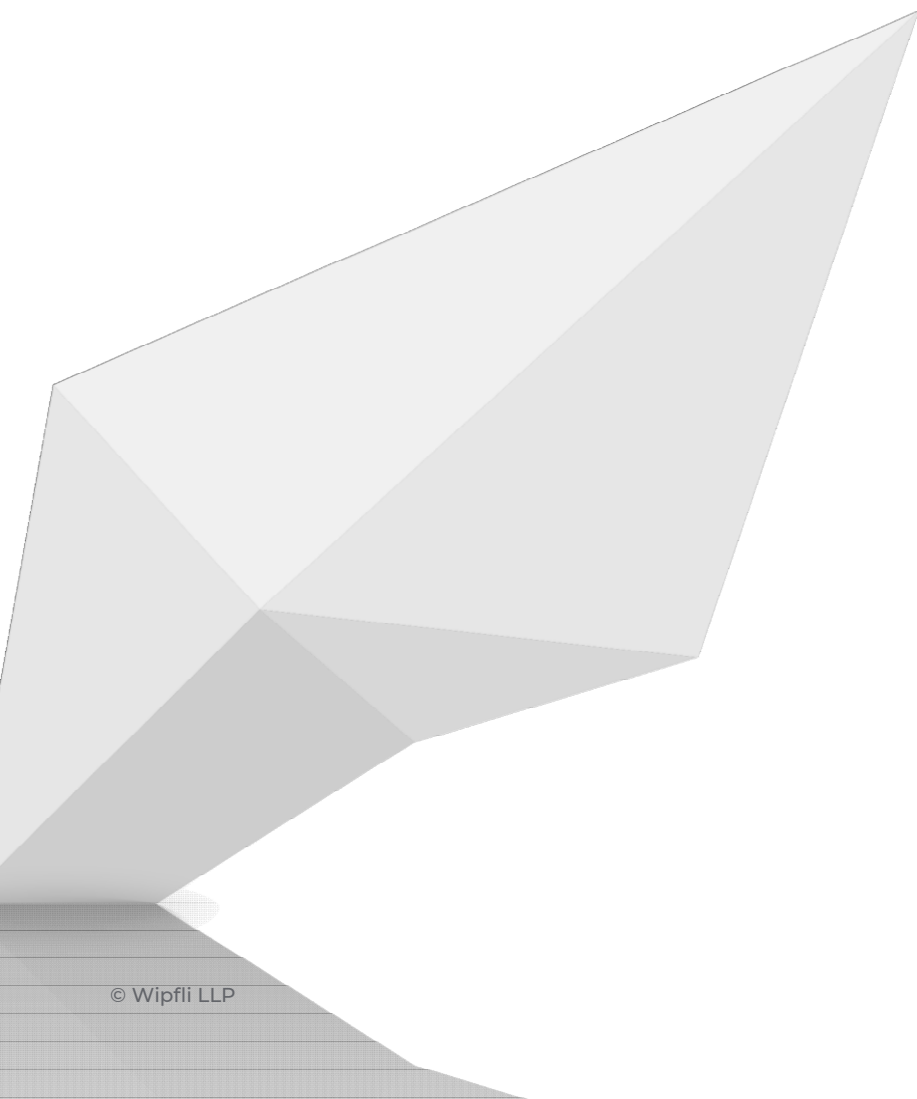


# Oak Creek-Franklin Joint School District

Oak Creek, Wisconsin

Financial Report

Year ended June 30, 2021



**Oak Creek-Franklin Joint School District**  
**Financial Statements and Supplementary Financial Information**  
Year Ended June 30, 2021

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**Oak Creek-Franklin Joint School District**  
**Financial Statements and Supplementary Financial Information**  
Year Ended June 30, 2021

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## **Independent Auditor's Report**

Board of Education  
Oak Creek-Franklin Joint School District  
Oak Creek, Wisconsin

### **Report on the Financial Statements**

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

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## ***Opinions***

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Oak Creek-Franklin Joint School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison schedule - general fund, the schedules of the employer's proportionate share of the net pension and OPEB liability (asset) and employer contributions – Wisconsin Retirement System and LRLIF, and the schedule of changes in the total OPEB liability and related ratios - OPEB on pages 48 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 Financial 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 combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration, and are also not a required part of the basic financial statements. The combining statements and the schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the combining statements and the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the Oak Creek-Franklin Joint School 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.

*Wipfli LLP*

Wipfli LLP  
Madison, Wisconsin

December 15, 2021

# **Oak Creek – Franklin Joint School District**

## **Management’s Discussion and Analysis**

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The discussion and analysis of the financial performance of the (District) provides an overview of financial activities for the fiscal year ended June 30, 2021. The analysis focuses on school district financial performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District’s financial statements, which immediately follow this section.

### **FINANCIAL HIGHLIGHTS**

The General Fund (Fund 10) fund balance increased by \$526,788 to a total of \$27,448,675, which is approximately 34% of Fund 10 expenditures. The School Board has a fiscal management policy that maintains a fund balance at an amount capable of funding short-term operations without the need to do short-term borrowing due to the scheduled receipt of its state aid and tax levy revenue sources. It is also intended to be available to maintain fiscal stability in times of political uncertainty or meet unanticipated capital expenditures.

The School Board has a Fund 46 Long-Term Capital Improvement Trust Fund that is based on an approved long-term ten-year capital improvement fund. The contribution is a “trust” that is funded with a transfer from the general fund. The contribution from Fund 10 to Fund 46 is recorded as the expenditure for shared cost and equalization aid purposes. Future expenditures from Fund 46 are not part of shared costs.

As a result of a successful referendum in November 2014 to construct and furnish a new elementary school and a new secondary school, the district issued G.O. Bonds in the amount of \$59,095,000 in April 2015. The new elementary school, Forest Ridge Elementary opened in August 2016 and the new secondary school, the Ninth Center Grade, opened in August 2017. A summary of these long-term obligations is provided in Note 6.

As a result of a successful referendum in November 2018 to construct 5 elementary gymnasiums, Performing Arts Education Center, and additional technical education space at Oak Creek High School, the district issued G.O. Bonds in the amount of \$60,935,000 in June 2019 and December 2019. Four of the gyms are completed, and the final gym, PAEC and technical education updates are still under construction.

# Oak Creek – Franklin Joint School District

## Management’s Discussion and Analysis

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### OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains information supplementary to the basic financial statements.

#### District-Wide Financial Statements

*District-wide financial statements* report information about the District as a whole, using accounting methods similar to those used by private sector companies.

The *statement of net position* includes all the District’s assets, liabilities and deferred inflows/outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether or not the financial position of the District is improving. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District’s property tax base and the condition of school buildings and other facilities should be considered. The District does not have any proprietary or fiduciary funds.

The *statement of activities* includes all revenues and expenses of the District, irrespective of when cash is actually received or paid out. The intent of the district-wide statements is to provide a snapshot of the District’s Net Position and to provide an explanation of material changes that occurred since the prior year.

#### Fund Financial Statements

The *fund financial statements* provide detailed information about the District’s significant funds rather than the District as a whole. A fund is an accounting entity with a self-balancing set of accounts for recording assets, liabilities, revenues, and expenditures. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of the District are governmental type funds. Table 1 summarizes the various features of each of these funds.

- *Governmental funds*—All of the District’s basic services are included in governmental funds, which focus on (1) cash and other financial assets that can readily be converted to cash and (2) the balances remaining at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources to finance the District’s programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information is provided that explains the relationship between them.



# Oak Creek – Franklin Joint School District

## Management’s Discussion and Analysis

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### OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

**Table 1**  
**Major Features of the District-wide and Fund Financial Statements**

	<u><b>District-wide Statements</b></u>	<u><b>Fund Financial Statements</b></u> <u><b>Governmental</b></u>
<b>Scope</b>	Entire district (except fiduciary funds).	The activities of the District, such as instruction, support services, debt service, capital projects, food service and community services.
<b>Required Financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures and Changes in Fund Balance</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.
<b>Type of asset, liability and deferred inflows/outflows of resources information</b>	All assets, liabilities and deferred inflows/outflows of resources; both financial and capital, short-term and long-term.	Generally, assets and deferred inflows expected to be used up and liabilities and deferred outflows that come due during the year or soon thereafter. No capital assets or long-term liabilities included.
<b>Type of inflow and outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues when cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

### Other Information

Required supplementary information (RSI) includes a budget to actual comparison that provides readers with information about the accuracy with which management was able to project the District’s revenues and expenditures. In addition, the RSI includes information concerning the District’s other postemployment benefits (OPEB) liabilities and certain details of the District’s net pension liability (asset).

# Oak Creek – Franklin Joint School District

## Management's Discussion and Analysis

### DISTRICT-WIDE FINANCIAL STATEMENTS

#### Statement of Net Position

The District ended its fiscal year with net position of \$46,509,817 of which \$24,225,507 was the net investment in capital assets, \$15,862,155 was restricted for net pension asset, \$2,260,387 was restricted for self-insurance, \$4,107,354 was restricted for debt service, \$1,642,332 was restricted for capital improvements, \$997,162 was restricted for special purposes, \$1,120,363 was restricted for nutrition services, and (\$3,705,443) was unrestricted net position. Unrestricted net position represents the discretionary resources that can be used to fund general District operations.

For governmental activities, the increase in capital assets is due to acquisitions exceeding depreciation within the fiscal year.

**Table 2**  
**Condensed Statements of Net Position**  
*(in thousands of dollars)*

	Governmental Activities		
	2021	Restated 2020	% Change
<b>Assets</b>			
Current and other assets	\$ 70,280	\$ 89,635	-21.59%
Capital assets	166,844	142,153	17.37%
<b>Total assets</b>	237,124	231,788	2.30%
<b>Deferred Outflows of Resources</b>	30,584	23,646	29.34%
<b>Liabilities</b>			
Long-term liabilities	175,898	180,895	-2.76%
Other liabilities	9,754	11,545	-15.51%
<b>Total liabilities</b>	185,652	192,440	-3.53%
<b>Deferred Inflows of Resources</b>	35,546	25,461	39.61%
<b>Net Position as restated</b>			
Net investment in capital assets	24,226	21,512	12.62%
Restricted	25,990	14,883	74.63%
Unrestricted	(3,706)	1,138	-425.66%
<b>Total Net Position</b>	<u>\$ 46,510</u>	<u>\$ 37,533</u>	23.92%

# Oak Creek – Franklin Joint School District

## Management's Discussion and Analysis

### DISTRICT-WIDE FINANCIAL STATEMENTS (continued)

#### Changes in Net Position

Table 3 demonstrates that on a district-wide basis the District ended fiscal year 2021 with an increase in net position of \$8,976,956, compared to an increase in net position of \$1,005,533 in fiscal year 2020. The increase in net position was primarily attributed to the spending of restricted resources for capital projects that occurred during the year.

The District received \$97,791,915 in revenue for the fiscal year 2021. The District relies primarily on property taxes (39.9% of total governmental revenues), and state equalization aid (39.9%) to fund governmental activities. The District received approximately 19.1% in the form of specific use state grants, federal aid and direct fees for services. Individuals who directly participated or benefited from a program paid 6.9% of the cost. Book and activity fees, admission to athletic events, open enrollment tuition and other fees are included as charges for services. Federal and state governments subsidized certain programs with grants and awards of \$11,939,788. Operating grants include IDEA, Pupil Transportation, and National School Lunch Programs.

**Table 3**  
**Changes in Net Position from Operating Results**  
*(in thousands of dollars)*

	Governmental Activities		
	2021	2020	% Change
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 6,774	\$ 7,312	-7.36%
Operating grants & contributions	11,940	9,108	31.09%
General revenues			
Property taxes	39,047	37,116	5.20%
General aid	39,054	37,344	4.58%
Other	977	712	37.22%
<b>Total revenues</b>	<b>97,792</b>	<b>91,592</b>	<b>6.77%</b>
<b>EXPENSES</b>			
Instruction	51,131	46,309	10.41%
Pupil and instructional services	7,067	6,293	12.30%
Administrative services	21,407	22,521	-4.95%
Interest on debt	4,710	5,225	-9.86%
Other	4,500	10,239	-56.05%
<b>Total expenses</b>	<b>88,815</b>	<b>90,587</b>	<b>-1.96%</b>
<b>Change in Net Position</b>	<b>\$ 8,977</b>	<b>\$ 1,005</b>	<b>793.23%</b>

# Oak Creek – Franklin Joint School District

## Management’s Discussion and Analysis

### DISTRICT-WIDE FINANCIAL STATEMENTS (continued)

Table 4 presents the cost of district activities. The table reports each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District’s taxpayers by each of these functions.

The cost of all governmental activities this year was \$88,814,959. Individuals who directly participated or benefited from a program offering paid for \$6,774,324 of costs. Federal and state government funding, along with other general contributions, subsidized certain programs with grants and contributions of \$11,939,788. The net cost of governmental activities, \$70,100,847, was financed primarily by \$39,047,037 of property taxes and \$39,054,017 of federal and state unrestricted aid.

**Table 4**  
**Net Cost of Governmental Activities**  
*(in thousands of dollars)*

	Total Cost of Services	Net Cost of Services
<b>EXPENSES</b>		
Instruction	\$ 51,131	\$ (36,863)
Pupil and instructional services	7,067	(5,869)
Administrative services	21,407	(18,748)
Interest on debt	4,710	(4,710)
Other	4,500	(3,911)
<b>Total expenses</b>	<u>\$ 88,815</u>	<u>\$ (70,101)</u>

### FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the District’s financing requirements. Unassigned fund balances or lack thereof, may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. The District completed the year with a total governmental fund balance of \$45,864,091, down from last year’s ending fund balance of \$71,132,332. The District’s unassigned fund balance, available for spending at the district’s discretion was \$23,904,634.

The General Fund is the chief operating fund of the District. During the current fiscal year, the general fund saw a fund balance increase of \$526,788, compared to an increase of \$1,786,326 in the prior year. For this fiscal year, the increase was related to savings generated from our self-funded health plan. The district has been able to meet its short-term cash flow needs without borrowing since fiscal year 2011.

# Oak Creek – Franklin Joint School District

## Management's Discussion and Analysis

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### GENERAL FUND BUDGETARY HIGHLIGHTS

Consistent with current state statutes and regulations, an *original* budget is adopted in October following determination of the official student enrollment and certification of state aids. Generally, the original budget is not significantly modified, but minor adjustments are made for the reallocation of resources to respond to changing needs and for carryover revenue from state and federal grants.

The General Fund's *original* budget, based on actual student enrollments (and the resulting state-imposed revenue limit), contained revenues and other financing sources of \$76,985,338 and expenditures and other financing uses of \$76,931,723.

Actual results for the year show revenues and other financing sources exceeding expenditures and other financing uses by \$526,788, which is \$473,173 greater than the *original* budget. The District finished the year better than originally expected due to lower than actual costs through its self-funded health care and reduced costs of transportation due to COVID related school closures.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2021, the District had \$210,592,179 in capital assets, including land, construction in progress, buildings, furniture and equipment. Total accumulated depreciation on these assets was \$43,748,384. Asset acquisitions for governmental activities totaled \$28,618,589. The District recognized depreciation expense of \$3,927,306. Detailed information about capital assets can be found in Note 5 to the financial statements.

**Table 5**  
**Capital Assets**  
*(in thousands of dollars)*

	<b>2021</b>	<b>2020</b>
Land and construction in progress	\$ 47,203	\$ 33,205
Buildings and improvements	156,998	142,931
Furniture and equipment	6,391	5,838
Accumulated depreciation	(43,748)	(39,821)
Net capital assets	<u>\$ 166,844</u>	<u>\$ 142,153</u>

# Oak Creek – Franklin Joint School District

## Management's Discussion and Analysis

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### Long-Term Debt

At June 30, 2021, the District had \$147,650,000 in general obligation debt outstanding—a decrease of \$6,030,000 from fiscal year 2020. Debt of the District is secured by a tax levy adopted by the school board at the time of issuance. Wisconsin statutes require that the first property tax receipts be segregated for annual debt service payments. Detailed information about the District's long-term obligations is presented in Note 6 to the financial statements.

**Table 6**  
**Outstanding Long-term Obligations**  
*(in thousands of dollars)*

	<b>2021</b>	<b>2020</b>
General obligation debt (including premiums)	\$ 152,799	\$ 159,337
Compensated absences	73	139
Net OPEB liability - life	2,502	1,923
Total OPEB liability - health	20,524	19,496
Net long-term obligations	<u>\$ 175,898</u>	<u>\$ 180,895</u>

### FACTORS BEARING ON THE DISTRICT'S FUTURE

The following items may have a bearing on the future of the District:

- The State of Wisconsin, like most state and federal entities, continues to experience stagnant revenues for its operations, the largest being the funding of K-12 education. The District remains involved and informed about available state funding and potential changes in public education funding is committed to maintaining a strong financial position to address anticipated reduced state and federal funding.
- To meet the needs for facilities to meet continued projected student population growth, a new elementary school and a new secondary school building have been constructed. Increased operational costs for these new facilities are projected to be met by annual projected revenue growth currently provided within the state's school funding statutes. An updated population study was completed population study was completed in fiscal year 2020 to update the district's enrollment and facility needs projections for the 5-10 years. The study confirmed that the District's enrollment needs should be able to be met with the opening of the new elementary school and completion of the new secondary school campus.
- Managing its resources as efficiently as possible to maintain comprehensive, education program, and a strong financial position while appropriately maintaining current facilities and for anticipated growth continue to be the main goals of the Board of Education.

# Oak Creek – Franklin Joint School District

## Management's Discussion and Analysis

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### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Daniel Unertl, J.D., District Superintendent at (414) 768-5880 or [d.unertl@ocfsd.org](mailto:d.unertl@ocfsd.org)

Andrew Chromy, Chief Business and Finance Officer at (414) 768-6140 or [a.chromy@ocfsd.org](mailto:a.chromy@ocfsd.org)

Additional information about the District and its services can also be found on the District's website at <https://www.ocfsd.org/>

**Government-Wide Financial Statements**

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# Oak Creek-Franklin Joint School District

## Statement of Net Position

June 30, 2021

	Governmental Activities
<i>Assets and Deferred Outflows of Resources</i>	
Current assets:	
Cash and investments	\$ 48,502,013
Accounts receivable	3,312,094
Inventory	495,745
Prepaid items	253,456
Due from other governments	1,854,053
Total current assets	54,417,361
Noncurrent assets:	
Restricted net pension asset	15,862,155
Capital assets not being depreciated	47,203,012
Capital assets being depreciated, net	119,640,783
Total noncurrent assets	182,705,950
Total assets	237,123,311
Deferred outflows of resources:	
Unamortized loss on refinancing	520,936
Related to pensions/OPEB	30,063,247
Total deferred outflows of resources	30,584,183
Total assets and deferred outflows of resources	\$ 267,707,494
<i>Liabilities, Deferred Inflows of Resources, and Net Position</i>	
Current liabilities:	
Accounts payable	\$ 4,326,869
Accrued payroll	1,700,652
Medical claims payable	2,126,464
Accrued interest	1,200,504
Unearned revenue	399,285
Current portion of long-term obligations	6,220,000
Total current liabilities	15,973,774
Noncurrent liabilities:	
Due in more than one year	169,678,299
Total liabilities	185,652,073
Deferred inflows of resources - Related to pensions/OPEB	35,545,604
Net position:	
Net investment in capital assets	24,225,507
Restricted	25,989,753
Unrestricted	(3,705,443)
Total net position	46,509,817
Total liabilities, deferred inflows of resources, and net position	\$ 267,707,494

See accompanying notes to the financial statements.

# Oak Creek-Franklin Joint School District

## Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in
				Net Position
				Total Governmental Activities
Governmental activities:				
Instruction:				
Regular instruction	\$ 39,228,118	\$ 6,113,180	\$ 3,847,683	\$ (29,267,255)
Vocational instruction	2,235,877	-	-	(2,235,877)
Special education instruction	6,283,776	-	3,568,224	(2,715,552)
Other instruction	3,383,442	25,045	714,074	(2,644,323)
Total instruction	51,131,213	6,138,225	8,129,981	(36,863,007)
Support services:				
Pupil services	4,130,055	-	239,115	(3,890,940)
Instructional staff services	2,936,357	-	959,016	(1,977,341)
General administration	1,829,965	-	-	(1,829,965)
Building administration	3,603,785	-	-	(3,603,785)
Business services	15,973,279	47,353	2,611,676	(13,314,250)
Central services	428,524	-	-	(428,524)
Insurance	530,200	-	-	(530,200)
Other support services	3,541,118	588,746	-	(2,952,372)
Interest	4,710,463	-	-	(4,710,463)
Total support services	37,683,746	636,099	3,809,807	(33,237,840)
Total school district	\$ 88,814,959	\$ 6,774,324	\$ 11,939,788	(70,100,847)
General revenues:				
Property taxes:				
General purposes				28,040,174
Debt service				10,759,479
Community service				216,475
Other taxes				30,909
State and federal aids not restricted to specific functions				39,054,017
Interest and investment earnings				399,174
Miscellaneous				577,575
Total general revenues				79,077,803
Change in net position				8,976,956
Net position - Beginning of year, as restated				37,532,861
Net position - End of year				\$ 46,509,817

See accompanying notes to the financial statements.

**Fund Financial Statements**

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# Oak Creek-Franklin Joint School District

## Balance Sheet - Governmental Funds

### June 30, 2021

	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and investments	\$ 28,427,580	\$ 14,689,786	\$ 3,212,885	\$ 2,171,762	\$ 48,502,013
Receivables:					
Accounts	52,862	-	-	8,575	61,437
Taxes	3,250,657	-	-	-	3,250,657
Inventory	478,145	-	-	17,600	495,745
Prepaid items	217,564	30,442	-	5,450	253,456
Due from other governments	1,724,133	-	-	129,920	1,854,053
Due from other funds	134,443	600,000	2,094,973	-	2,829,416
<b>Total assets</b>	<b>\$ 34,285,384</b>	<b>\$ 15,320,228</b>	<b>\$ 5,307,858</b>	<b>\$ 2,333,307</b>	<b>\$ 57,246,777</b>
<b>Liabilities:</b>					
Accounts payable	\$ 319,127	\$ 3,883,600	\$ -	\$ 124,142	\$ 4,326,869
Accrued payroll	1,656,846	-	-	43,806	1,700,652
Medical claims payable	2,126,464	-	-	-	2,126,464
Due to other funds	2,694,973	134,443	-	-	2,829,416
Unearned revenue	39,299	-	-	359,986	399,285
<b>Total liabilities</b>	<b>6,836,709</b>	<b>4,018,043</b>	<b>-</b>	<b>527,934</b>	<b>11,382,686</b>
<b>Fund balances:</b>					
Nonspendable	695,709	30,442	-	23,050	749,201
Restricted	2,260,387	11,271,743	5,307,858	2,098,771	20,938,759
Assigned	271,497	-	-	-	271,497
Unassigned	24,221,082	-	-	(316,448)	23,904,634
<b>Total fund balances</b>	<b>27,448,675</b>	<b>11,302,185</b>	<b>5,307,858</b>	<b>1,805,373</b>	<b>45,864,091</b>
<b>Total liabilities and fund balances</b>	<b>\$ 34,285,384</b>	<b>\$ 15,320,228</b>	<b>\$ 5,307,858</b>	<b>\$ 2,333,307</b>	<b>\$ 57,246,777</b>

See accompanying notes to the financial statements.

# Oak Creek-Franklin Joint School District

## Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

### June 30, 2021

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - Governmental funds	\$ 45,864,091
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position:

Governmental capital assets	\$ 210,592,179	
Governmental accumulated depreciation	(43,748,384)	166,843,795

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The supplemental pension, net pension and OPEB liability (asset) and the deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are only reported in the statement of net position:

Net pension asset	15,862,155	
Net OPEB liability - life	(2,501,508)	
Total OPEB liability - health	(20,524,339)	
Deferred outflows of resources related to pensions/OPEB	30,063,247	
Deferred inflows of resources related to pensions/OPEB	(35,545,604)	(12,646,049)

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

Bonds and notes payable	(147,650,000)	
Unamortized loss on refunding	520,936	
Unamortized premiums	(5,149,077)	
Accrued interest	(1,200,504)	
Compensated absences	(73,375)	(153,552,020)

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Total net position - Governmental activities	\$ 46,509,817
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See accompanying notes to the financial statements.

# Oak Creek-Franklin Joint School District

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

### Year Ended June 30, 2021

	General Fund	Capital Projects Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 28,039,176	\$ -	\$ 10,759,479	\$ 216,475	\$ 39,015,130
Other local sources	758,832	372,847	3,167	1,246,915	2,381,761
Interdistrict sources	5,920,465	-	-	-	5,920,465
Intermediate sources	5,241	-	-	-	5,241
State sources	42,594,295	-	-	27,973	42,622,268
Federal sources	4,847,614	-	-	2,451,533	7,299,147
Other sources	465,558	82,345	-	-	547,903
<b>Total revenues</b>	<b>82,631,181</b>	<b>455,192</b>	<b>10,762,646</b>	<b>3,942,896</b>	<b>97,791,915</b>
<b>Expenditures:</b>					
Instruction:					
Regular instruction	40,145,104	23,650	-	690,666	40,859,420
Vocational instruction	2,162,353	479,248	-	10,369	2,651,970
Special instruction	6,598,851	-	-	-	6,598,851
Other instruction	3,538,906	-	-	5,215	3,544,121
<b>Total instruction</b>	<b>52,445,214</b>	<b>502,898</b>	<b>-</b>	<b>706,250</b>	<b>53,654,362</b>
Support services:					
Pupil services	4,330,064	-	-	1,940	4,332,004
Instructional staff services	3,021,583	-	-	3,000	3,024,583
General administration	1,884,594	-	-	-	1,884,594
Building administration	3,810,401	-	-	225	3,810,626
Business services	10,357,560	28,455,744	-	1,689,760	40,503,064
Central services	341,070	90,913	-	-	431,983
Insurance	510,562	-	-	19,638	530,200
Other support services	2,708,372	785	-	912,451	3,621,608
<b>Total support services</b>	<b>26,964,206</b>	<b>28,547,442</b>	<b>-</b>	<b>2,627,014</b>	<b>58,138,662</b>
Debt service:					
Principal	-	-	11,075,000	-	11,075,000
Interest	-	-	5,237,132	-	5,237,132
<b>Total debt service</b>	<b>-</b>	<b>-</b>	<b>16,312,132</b>	<b>-</b>	<b>16,312,132</b>
<b>Total expenditures</b>	<b>79,409,420</b>	<b>29,050,340</b>	<b>16,312,132</b>	<b>3,333,264</b>	<b>128,105,156</b>
Excess of revenues over (under) expenditures	3,221,761	(28,595,148)	(5,549,486)	609,632	(30,313,241)
Other financing sources (uses):					
Issuance of debt	-	-	5,045,000	-	5,045,000
Transfers in	-	600,000	2,094,973	-	2,694,973
Transfers out	(2,694,973)	-	-	-	(2,694,973)
<b>Total other financing sources (uses)</b>	<b>(2,694,973)</b>	<b>600,000</b>	<b>7,139,973</b>	<b>-</b>	<b>5,045,000</b>
<b>Net change in fund balances</b>	<b>526,788</b>	<b>(27,995,148)</b>	<b>1,590,487</b>	<b>609,632</b>	<b>(25,268,241)</b>
<b>Fund balances - Beginning of year</b>	<b>26,921,887</b>	<b>39,297,333</b>	<b>3,717,371</b>	<b>1,195,741</b>	<b>71,132,332</b>
<b>Fund balances - End of year</b>	<b>\$ 27,448,675</b>	<b>\$ 11,302,185</b>	<b>\$ 5,307,858</b>	<b>\$ 1,805,373</b>	<b>\$ 45,864,091</b>

See accompanying notes to the financial statements.

# Oak Creek-Franklin Joint School District

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

### Year Ended June 30, 2021

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Net change in fund balances - Governmental funds (from previous page)	\$ (25,268,241)
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*Amounts reported for governmental activities in the statement of activities are different because:*

The acquisition of capital assets is reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlays reported in governmental fund statements	\$ 28,618,589
Depreciation expense reported in the statement of activities	(3,927,306)

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Amount by which capital outlays are more than depreciation in the current year	24,691,283
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Vested employee benefits (pension, compensated absences, and OPEB) are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year. This amount is the net effect of the changes in employee benefit accounts as well as the associated deferred inflows and outflows.

	2,997,245
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Proceeds from long-term debt are recorded in the governmental funds when received and repayments are reported as an expenditure in the governmental funds, but these amounts are recorded as liabilities in the statement of net position and does not affect the statement of activities. In addition, the effect of accrued interest, loss on refinancing, discounts and premiums are included in the statement of net position and not recorded in the governmental funds.

Issuance of debt	(5,045,000)
The amount of long-term debt principal payments in the current year	11,075,000
Change in accrued interest	69,167
Amortization of loss on refinancing	(50,597)
Amortization of discounts and premiums	508,099

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Change in net position - Governmental activities	\$ 8,976,956
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See accompanying notes to the financial statements.

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

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

#### **Introduction**

The financial statements of the Oak Creek-Franklin Joint School District (the "District") have been prepared in accordance with accounting principles generally accepted in the United States (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.

#### **Reporting Entity**

The Oak Creek-Franklin Joint School District is organized as a common school district. The District operates grades pre-kindergarten through 12.

This report includes all of the funds of the District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.



# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Basis of Presentation**

##### *Government-Wide Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District.

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients for goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The District applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted net position are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

##### *Fund Financial Statements*

The fund statements provide information about the District's funds. Separate statements for each governmental fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The District reports the following major governmental funds:

- **General Fund** – This is the District's primary operating fund. It accounts for all financial activity that is not accounted for and reported in another fund, including educational programs for students with disabilities.
- **Debt Service Fund** – This fund accounts for financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long-term general obligation debt of governmental activities, including amounts accumulated for principal and interest maturing in future years.

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Basis of Presentation** (Continued)

#### **Measurement Focus and Basis of Accounting** (Continued)

- Capital Projects Fund – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

#### **Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the current fiscal year.

Expenditures are recognized when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less. Cash and investment balances for individual funds are pooled unless maintained in segregated accounts.

State Statutes permit the District to invest available cash balances, other than debt service funds, in time deposits (maturing in not more than three years) of authorized depositories, U.S. Treasury obligations, U.S. agency issues, municipal obligations within Wisconsin, high-grade commercial paper, and the local government pooled investment fund administered by the state investment board. Available balances in the Debt Service Fund may be invested in obligations of the United States and the local government pooled investment fund administered by the State of Wisconsin Investment Board.

All investments are stated at fair market value.

#### **Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

#### **Receivables and Payables**

All accounts receivable are shown at gross amounts and, where appropriate, are reduced by an allowance for uncollectible accounts. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

#### **Inventories and Prepaid Items**

Inventories are recorded at cost based on the first-in, first-out method using the consumption method of accounting. Inventories in the governmental fund types are recorded as expenditures when consumed rather than when purchased. Donated United States Department of Agriculture (USDA) commodities are recorded as revenues and assets in the school nutrition services at the fair value when originally donated by the USDA. When used by the schools, the commodities are expensed and the related assets are reduced.

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Inventories and Prepaid Items (Continued)**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the district-wide and the fund financial statements.

#### **Capital Assets**

Capital assets are recorded at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The District maintains a threshold level of \$5,000 for capitalizing capital assets.

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 20 years for equipment. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized. Capital assets not being depreciated include land and construction in progress. The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

#### **Unearned Revenue**

Unearned revenue consists of money received related to food deposits that has not been earned.

#### **Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Accumulated Unpaid Sick Pay and Other Employee Benefit Amounts

District employees are granted vacation, compensatory time, and sick leave benefits in varying amounts in accordance with District policies. In the event of retirement, death or resignation of an employee, the District is obligated to pay for unused vacation and sick leave benefits not to exceed a maximum amount. All compensated absences are accrued when earned in the district-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

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

Postemployment Benefits Other than Pensions (OPEB) Plan - The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. For purposes of measuring the Net OPEB Liability, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits, OPEB Expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The District also offers an OPEB plan for health insurance. The total other postemployment liability for this plan has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits and OPEB expense. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows related to pension, other postemployment benefit activity, and unamortized loss on refinancing.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows related to pension and other postemployment benefit activity.

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets (less any unexpended proceeds). Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first.

#### Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based 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.

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 or 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. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned fund balance:* This classification reflects the amounts constrained by the District's "intent" to be used for specific purposes, but the amounts are neither restricted nor committed. The Board of Education has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance:* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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.

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Property Tax Levy**

Under Wisconsin law, personal property taxes and first installment real estate taxes are collected by city, town, and village treasurers or clerks who then make proportional settlement with the school district and county treasurer for those taxes collected on their behalf. Second installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and school districts before retaining any for county purposes.

The aggregate district tax levy is apportioned and certified by November 6 of the current fiscal year for collection to comprising municipalities based on the immediate past October 1 full or "equalized" taxable property values. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31 and a final payment no later than the following July 31. On or before January 15, and by the 20th of each subsequent month thereafter, the District may be paid by the collecting municipalities its proportionate share of tax collections received through the last day of the preceding month. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2020 tax levy is used to finance operations of the District's fiscal year ended June 30, 2021. All property taxes are considered due on January 1 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 30 and are available to pay current liabilities.

#### **New Accounting Pronouncement**

Management adopted new accounting guidance GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB Statement No. 75 replaces the requirements of GASB Statements No. 45 on accounting and financial reporting by employers for postemployment benefits other than pensions. See Note 14 for the restatement of beginning net position.

### **Note 2: Stewardship and Accountability**

#### **Limitation on School District Revenues**

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

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

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 3: Cash and Investments

The District's cash and investment balances at June 30, 2021 were as follows:

	Amount	Fair Value Level	Average Maturity
Deposits with financial institutions	\$ 2,035,521	N/A	N/A
Cash on hand	400	N/A	N/A
Investments:			
Wisconsin Investment Series Cooperative	19,348,635	N/A	<30 days average
Wisconsin Local Government Investment Pool	27,117,457	N/A	<30 days average
<b>Total</b>	<b>\$ 48,502,013</b>		

*Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$1,457,090 of the District's bank balance of \$2,035,521 was exposed to custodial credit risk as uninsured and uncollateralized.

*Interest Rate Risk:* Interest rate risk is the risk that the fair value of the District's investments will decrease as a result of an increase in interest rates. 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 of fair value losses arising from increasing interest rates.

*Credit Risk:* State Statute limits investments in fixed income securities to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the money market funds, mutual funds - equity, and mutual funds - fixed income. The District has no investment policy that would further limit its investment choices.

The District is a participant in the Local Government Investment Pool (LGIP), which is authorized in Wisconsin statutes 25.14 and 25.17 under the oversight of the State of Wisconsin Investment Board. The LGIP is not registered with the Securities Exchange Commission as an investment company. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at \$1 based on the amortized cost of the investments in the LGIP. The investment in the LGIP is not subject to the fair value hierarchy disclosures.

The District is a participant in the Wisconsin Investment Series Cooperative (WISC) fund, which is authorized under Wisconsin Statute 66.0301 and is governed by a commission in accordance with the terms of an intergovernmental cooperation agreement. The WISC is not registered with the SEC as an investment company. The WISC reports to participants on the amortized cost basis. WISC shares are bought and redeemed at \$1 based on the amortized cost of the investments in the pool. Participants in WISC have the right to withdraw their funds in total on one day's notice. The investments in WISC are not subject to the fair value hierarchy disclosures.



# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 4: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on June 30, 2021, are as follows:

<b>Due From:</b>	<b>Due To: General Fund</b>	<b>Due To: Capital Projects Funds</b>	<b>Due To: Debt Service Fund</b>
General Fund	\$ -	\$ 600,000	\$ 2,094,973
Capital Projects Fund	134,443	-	-
<b>Totals</b>	<b>\$ 134,443</b>	<b>\$ 600,000</b>	<b>\$ 2,094,973</b>

The purpose for interfund balances is to reimburse expenditures paid by the other funds and for budgeted transfers. The amounts will be reimbursed in the subsequent fiscal year. In the statement of net position, amounts reported in fund balance sheets as interfund balances have been eliminated within the governmental activities columns.

Interfund transfers during the year ended June 30, 2021, are as follows:

<b>Transfer From:</b>	<b>Transfer To: Capital Projects Fund</b>	<b>Transfer To: Debt Service Fund</b>
General Fund	\$ 600,000	\$ 2,094,973

The purpose of the transfer to the Capital Projects Fund is to fund future capital improvement needs. The purpose of the transfer to the Debt Service Fund is to fund future debt payments.

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 5: Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,950,666	\$ -	\$ -	\$ 2,950,666
Construction in progress	30,254,513	28,044,169	(14,046,336)	44,252,346
<b>Total capital assets not being depreciated</b>	<b>33,205,179</b>	<b>28,044,169</b>	<b>(14,046,336)</b>	<b>47,203,012</b>
Capital assets being depreciated:				
Buildings and improvements	142,931,260	14,066,536	-	156,997,796
Furniture and equipment	5,837,151	554,220	-	6,391,371
<b>Total capital assets being depreciated</b>	<b>148,768,411</b>	<b>14,620,756</b>	<b>-</b>	<b>163,389,167</b>
Less accumulated depreciation for:				
Buildings and improvements	(36,619,888)	(3,437,999)	-	(40,057,887)
Furniture and equipment	(3,201,190)	(489,307)	-	(3,690,497)
<b>Total accumulated depreciation</b>	<b>(39,821,078)</b>	<b>(3,927,306)</b>	<b>-</b>	<b>(43,748,384)</b>
<b>Total capital assets, being depreciated - Net of accumulated depreciation</b>	<b>108,947,333</b>	<b>10,693,450</b>	<b>-</b>	<b>119,640,783</b>
<b>Governmental activities capital assets - Net</b>	<b>\$142,152,512</b>	<b>\$ 38,737,619</b>	<b>\$ (14,046,336)</b>	<b>\$166,843,795</b>

Depreciation expense was charged to governmental activities as follows:

Regular instruction	\$ 69,692
Vocational instruction	34,943
Special education instruction	1,681
Other instruction	35,604
General administration	2,012
Building administration	1,766
Business services	3,730,321
Central services	3,371
Other support services	44,839
Community services	3,077
<b>Total depreciation for governmental activities</b>	<b>\$3,927,306</b>

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 6: Long-Term Obligations

Long-term obligations of the District are as follows:

	Balance 07/01/20	Additions	Reductions	Balance 06/30/21	Amounts Due Within One Year
Bonds	\$ 153,680,000	\$ 5,045,000	\$ 11,075,000	\$ 147,650,000	\$ 6,220,000
Deferred amounts:					
Premium	5,657,176	-	508,099	5,149,077	-
Subtotals	159,337,176	5,045,000	11,583,099	152,799,077	6,220,000
Total OPEB Liability-Health	19,496,480	1,907,419	879,560	20,524,339	-
Net OPEB Liability-Life	1,923,086	578,422	-	2,501,508	-
Compensated Absences	138,659	-	65,284	73,375	-
Totals	\$ 180,895,401	\$ 7,530,841	\$ 12,527,943	\$ 175,898,299	\$ 6,220,000

### General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. Long-term debt will be retired by future property tax levies and resources accumulated in the debt service fund.

General obligation debt at June 30, 2021 is comprised of the following individual issues:

	Governmental Activities			
	Issue Dates	Interest Rates %	Dates of Maturity	Balance 06/30/21
G.O. Refunding Bonds 2014B	12/30/14	2.00 - 3.00%	04/01/27	\$ 3,545,000
G.O. School Building Bonds 2015A	04/01/15	3.00 - 4.00%	04/01/35	55,905,000
G.O. Refunding Bonds 2015B	04/01/15	2.00 - 3.00%	04/01/27	8,330,000
G.O. Bonds 2019A	06/13/19	3.00 - 5.00%	04/01/39	33,760,000
G.O. Refunding EE	11/18/19	3.00 - 5.00%	04/01/32	15,035,000
G.O. School Building Bonds 2019D	12/23/19	2.65 - 4.00%	04/01/39	25,085,000
G.O. Refunding Bonds 2020A	02/27/20	5.00%	04/01/24	945,000
G.O. Refunding Bonds 2021A	02/04/21	.20 -1.05%	04/01/28	5,045,000
Total general obligation debt				\$ 147,650,000

The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$5,049,120,503. The legal debt limit and margin of indebtedness as of June 30, 2021, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes, are as follows:

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 6: Long-Term Obligations (Continued)

Legal debt limit (10% of \$5,049,120,503)	\$ 504,912,050
Deduct:	
Long-term debt applicable to debt margin	(147,650,000)
Add:	
Debt service fund assets available	5,307,858
<b>Margin of indebtedness</b>	<b>\$ 362,569,908</b>

Debt service requirements to maturity on general obligation debt are as follows:

<i>Governmental Activities</i>			
<i>Year Ended June 30:</i>			
	Principal	Interest	Totals
2022	\$ 6,220,000	\$ 4,868,517	\$ 11,088,517
2023	6,500,000	4,668,019	11,168,019
2024	6,795,000	4,464,474	11,259,474
2025	7,070,000	4,250,151	11,320,151
2026	7,330,000	3,985,734	11,315,734
2027-2031	39,510,000	15,822,579	55,332,579
2032-2036	44,405,000	8,678,944	53,083,944
2037-2039	29,820,000	1,748,490	31,568,490
<b>Totals</b>	<b>\$ 147,650,000</b>	<b>\$ 48,486,908</b>	<b>\$ 196,136,908</b>

The District issued \$5,045,000 in taxable general obligation refunding bonds to advance refund \$2,975,000 of the outstanding general obligation refunding bonds, Series 2014 and \$2,035,000 of the outstanding taxable general obligation refunding bonds, dated September 12, 2019. The net proceeds of \$5,009,231 (after payment of \$35,769 in underwriting fees and other issuance costs) were deposited in an account and used to redeem the outstanding portions of the above bonds. The net carrying amount of the old debt exceeded the reacquisition price by \$769. The result of the advance refunding was to reduce total debt service payments by \$207,249 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$202,668.

### Note 7: Net Position

Net position reported on the government wide statement of net position at June 30, 2021:

<b>Governmental Activities:</b>	
Net investment in capital assets:	
Land and other nondepreciable assets	\$ 47,203,012
Other capital assets, net of accumulated depreciation	119,640,783
Less: Related long-term debt outstanding (net of unspent proceeds)	(142,618,288)
<b>Total net investment in capital assets</b>	<b>24,225,507</b>

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 7: Net Position (Continued)

Restricted:	
Net pension asset	\$ 15,862,155
Self-insurance	2,260,387
Debt service	4,107,354
Capital improvements	1,642,332
Special revenue gifts	997,162
School nutrition services	1,120,363
<b>Total restricted</b>	<b>25,989,753</b>
<b>Unrestricted</b>	<b>(3,705,443)</b>
<b>Governmental activities net position</b>	<b>\$ 46,509,817</b>

### Note 8: Fund Balance

Fund balance reported on the balance sheet - governmental funds at June 30, 2021:

#### Nonspendable Fund Balance

Prepaid items	\$ 253,456
Inventories	495,745
<b>Total nonspendable fund balance</b>	<b>\$ 749,201</b>

#### Restricted Fund Balance

Self insurance	2,260,387
Debt service	5,307,858
Capital projects	11,271,743
Special revenue gifts	996,008
School nutrition services	1,102,763
<b>Total restricted fund balance</b>	<b>\$ 20,938,759</b>

#### Assigned Fund Balance

Capital carryover	\$ 271,497
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#### Unassigned Fund Balance

General fund	\$ 24,221,082
Community services fund	(316,448)
<b>Total unassigned fund balance</b>	<b>\$ 23,904,634</b>

# **Oak Creek-Franklin Joint School District**

## **Notes to Financial Statements**

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### **Note 9: Employee Retirement Plans - Wisconsin Retirement System**

#### **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 (ACFR), which can be found at <http://etf.wi.gov/publications/cafr.htm>.

#### **Vesting**

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

#### **Benefits Provided**

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement plan participants, if hired on or before 12/31/2016) are entitled to receive 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.

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 9: Employee Retirement Plans - Wisconsin Retirement System (Continued)

#### Postretirement Adjustments

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2011	(1.2)%	11.0 %
2012	(7.0)%	(7.0)%
2013	(9.6)%	(9.0)%
2014	4.7 %	25.0 %
2015	2.9 %	2.0 %
2016	0.5 %	(5.0)%
2017	2.0 %	4.0 %
2018	2.4 %	17.0 %
2019	0.0 %	(10.0)%
2020	1.7 %	21.0 %

#### Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and executives and elected officials. Starting on January 1, 2016, the executive 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 \$2,831,524 in contributions from the employer.

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 9: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Contribution rates as of June 30, 2021, are as follows:

Employee Category	Employee	Employer
General (including teachers, executives, and elected officials)	6.75%	6.75%
Protective with Social Security	6.75%	11.65%
Protective without Social Security	6.75%	16.25%

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

At June 30, 2021, the District reported an asset of \$15,862,155 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019, rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.25407341%, which was a decrease of 0.00111559% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$(1,725,585).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,957,409	\$ 4,944,984
Net differences between projected and actual earnings on pension plan investments	-	29,779,905
Change in assumptions	359,784	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	41,015	61,699
Employer contributions subsequent to the measurement date	1,769,815	-
<b>Total</b>	<b>\$ 25,128,023</b>	<b>\$ 34,786,588</b>



# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 9: Employee Retirement Plans - Wisconsin Retirement System (Continued)

\$1,769,815 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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 Ended June 30	Net Deferred Outflows (Inflows) of Resources
2022	\$ (2,931,971)
2023	(793,219)
2024	(5,408,968)
2025	(2,294,222)

### Actuarial Assumptions

The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

*\*No postretirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.9% is the assumed annual adjustment based on the investment return assumption and the postretirement discount rate.*

Actuarial assumptions are based on an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020, is based on a rollforward of the liability calculated from the December 31, 2019, actuarial valuation.

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 9: Employee Retirement Plans - Wisconsin Retirement System (Continued)

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

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

Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Core fund:			
Global equities	51.0%	7.2%	4.7%
Fixed income	25.0%	3.2%	0.8%
Inflation sensitive assets	16.0%	2.0%	(0.4)%
Real estate	8.0%	5.6%	3.1%
Private equity/debt	11.0%	10.2%	7.6%
Multi-asset	4.0%	5.8%	3.3%
<b>Total core fund</b>	<b>115.0%</b>	<b>6.6%</b>	<b>4.1%</b>
Variable fund:			
U.S. equities	70.0%	6.6%	4.1%
International equities	30.0%	7.4%	4.9%
<b>Total variable fund</b>	<b>100.0%</b>	<b>7.1%</b>	<b>4.6%</b>

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.4%

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

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

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### Note 9: Employee Retirement Plans - Wisconsin Retirement System (Continued)

Single Discount Rate: A single discount rate of 7.00% was used to measure the Total Pension Liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.00% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7.00% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease to Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase to Discount Rate (8.00%)
District's proportionate share of the net pension liability (asset)	\$ 15,098,573	\$ (15,862,155)	\$(38,602,580)

### Pension Plan Fiduciary Net Position

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

### Payables to the Pension Plan

At June 30, 2021, the District reported a payable of \$1,087,910 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

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### Note 10: Other Postemployment Benefits - Local Retiree Life Insurance Fund

#### Plan Description

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

#### OPEB Plan Fiduciary Net Position

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

#### Benefits Provided

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

#### Contributions

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

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

Contribution rates as of June 30, 2021, are as follows:

Coverage Type	Employer Contribution
50% postretirement coverage	40% of member contribution
25% postretirement coverage	20% of member contribution

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

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 10: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

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

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

During the reporting period, the LRLIF recognized \$12,623 in contributions from the employer.

#### OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the District reported a liability of \$2,501,508 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020, rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.45476000%, which was an increase of 0.00314000% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$303,993.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 119,364
Net differences between projected and actual earnings on OPEB plan investments	36,421	-
Change in assumptions	973,122	171,637
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,403	40,016
Employer contributions subsequent to the measurement date	4,534	-
<b>Total</b>	<b>\$ 1,039,480</b>	<b>\$ 331,017</b>

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 10: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

\$4,534 reported as deferred outflows of resources 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Net Deferred Outflows (Inflows) of Resources
2022	\$ 132,393
2023	128,454
2024	124,397
2025	109,935
2026	141,152
Thereafter	67,598

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

Actuarial valuation date	January 1, 2020
Measurement date of net OPEB liability (asset)	December 31, 2020
Actuarial cost method	Entry age normal
20 year tax-exempt municipal bond yield	2.12%
Long-term expected rate of return	4.25%
Discount rate	2.25%
Salary Increases:	
Inflation	3.00
Seniority/Merit	0.1% - 5.6%
Mortality	Wisconsin 2018 Mortality Table

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

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

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 10: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

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

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

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

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

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

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

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### Note 10: Other Postemployment Benefits - Local Retiree Life Insurance Fund (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate:

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

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
District's proportionate share of the net OPEB liability	\$ 3,402,766	\$ 2,501,508	\$ 1,819,913

### Note 11: Other Postemployment Benefits

Plan description - The District provides other post-employment benefits (OPEB) for its employees through a single-employer defined benefit plan that provides postemployment health insurance benefits to eligible employees and their spouses. Benefits and eligibility are established by the Board of Education.

Employees covered by benefit terms - At June 30, 2020, the date of the latest actuarial valuation, there were 498 active plan members and 70 inactive plan members receiving OPEB benefits. Employees hired after July 1, 2009 were not eligible to participate in the OPEB plan.

Contributions - There is no requirement for any employee or employer contributions for funding of the plan. The employer makes all contributions on the pay-as-you-go basis. There are no assets accumulated in a trust. The District contributed \$879,560 for the year ended June 30, 2021.



# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 11: Other Postemployment Benefits (Continued)

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial Cost Method	Entry Age Normal (level percent of salary)
Inflation	3.00%
Discount Rate	1.65%
Healthcare cost trend rates	5.70% decreasing by 0.10% per year down to 5.50%, then by 0.20% per year down to 5.30%, then by .70% per year down to 4.60% and level thereafter
Actuarial Assumptions	Based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17
Mortality Assumptions	Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)

Discount rate - The discount rate of 1.65% was used in calculating the District's OPEB liabilities (based upon all projected payments discounted at a long-term expected rate of return of 1.65%). This rate is equivalent to the Bond Buyer GO 20-year AA Bond Index published by the Federal Reserve as of the week of the measurement date. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### Changes in the Total OPEB Liability (Asset)

	<u>Increase (Decrease)</u>
	<u>Total OPEB Liability (a)</u>
<b><i>Changes in Total OPEB Liability</i></b>	
Balance at June 30, 2020	\$ 19,496,480
Changes for the year:	
Service cost	1,563,594
Interest	343,825
Benefit payments	(879,560)
Net change	1,027,859
Balance at June 30, 2021	\$ 20,524,339

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 11: Other Postemployment Benefits (Continued)

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (.65%) or 1 percentage point higher (2.65%) than the current rate:

	<b>1% Decrease (.65%)</b>	<b>Current Discount Rate (1.65%)</b>	<b>1% Increase (2.65%)</b>
Total OPEB liability	\$ 22,170,734	\$ 20,524,339	\$ 18,933,004

The following presents the District's total OPEB liability calculated using the health care cost trend rate of 5.7% decreasing to 4.6%, as well as what the District's total OPEB liability would be if it were calculated using the health care cost trend rate that is 1 percentage point lower (4.7% decreasing to 3.6%) or 1 percentage point higher (6.7% decreasing to 5.6%) than the current rate:

	<b>1% Decrease (4.7% decreasing to 3.6%)</b>	<b>Health Care Cost Trend Rates (5.7% decreasing to 4.6%)</b>	<b>1% Increase (6.7% decreasing to 5.6%)</b>
Total OPEB liability	\$ 18,141,819	\$ 20,524,339	\$ 23,309,754

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,216,018.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 427,999
Changes in assumptions	3,895,744	-
<b>Total</b>	<b>\$ 3,895,744</b>	<b>\$ 427,999</b>

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

### Note 11: Other Postemployment Benefits (Continued)

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

	Deferred Inflows of Resources
2022	\$ 308,599
2023	308,599
2024	308,599
2025	308,599
2026	308,599
Thereafter	1,924,750

### Note 12: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal 2021.

#### *Self-Insurance*

Effective January 1, 2017, the District became self-insured for medical and dental claims. For medical claims, the uninsured risk of loss is \$150,000 per incident and \$1,000,000 in the aggregate for a policy year. The District has purchased commercial insurance for claims in excess of those amounts.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. On June 17, 2021, the District received an actuarial certification from Sheryl Henry, FSA, MAAA with Willis Towers Watson, who is a member of the American Academy of Actuaries (AAA), which attested to the adequacy of the reserves, rates, and the overall soundness of the plan. The District does not allocate overhead costs or other non-incremental costs to the claims liability. The claims liability consisted of the following:

Year Ended	2021	2020
Beginning balance	\$ 287,884	\$ 623,341
Current year claims and changes in estimates	19,247,469	20,531,679
Claim payments	(18,856,668)	(20,867,136)
Ending balance	\$ 678,685	\$ 287,884

# Oak Creek-Franklin Joint School District

## Notes to Financial Statements

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### Note 13: Risks and Uncertainties

Beginning in March 2020, the United States economy began suffering adverse effects from the COVID-19 Virus Crisis ("CV19 Crisis"). As of the date of issuance of the financial statements, the District has not suffered material adverse impact from the CV19 Crisis. The future impact of the CV19 Crisis on the District cannot be reasonably estimated at this time.

### Note 14: Construction Commitments

The District has entered into contracts for various construction projects and building improvements. Approximately \$6.5 million remains unspent under the contract at June 30, 2021.

### Note 15: Prior Year Restatement

Related to the other postemployment benefits for health insurance described in Note 11, the District recorded contributions subsequent to the measurement date as deferred outflows in the prior year. However, since the measurement date of the liability was the same as the District's fiscal year, these amounts should not have been recorded and therefore the beginning net position was restated as noted below:

	<b>Governmental Activities</b>
Balance at July 1, 2020, as previously reported	\$ 40,573,132
Remove deferred outflows of resources related to OPEB for contributions made after the measurement date related to the District's plan	(3,040,271)
Balance at July 1, 2020, as restated	\$ 37,532,861

## **Required Supplementary Information**

# Oak Creek-Franklin Joint School District

## Budgetary Comparison Schedule - General Fund

### Year Ended June 30, 2021

	Budgeted Amounts		Variance With Final Budget Positive (Negative)
	Original and Final	Actual	
Revenues:			
Property taxes	\$ 28,080,176	\$ 28,039,176	\$ (41,000)
Other local sources	889,900	758,832	(131,068)
Interdistrict sources	5,917,247	5,920,465	3,218
State sources	40,113,851	40,384,318	270,467
Federal sources	1,670,964	3,494,608	1,823,644
Other sources	313,200	462,061	148,861
Total revenues	76,985,338	79,059,460	2,074,122
Expenditures:			
Instruction:			
Regular instruction	40,430,634	40,033,313	397,321
Vocational instruction	1,959,739	2,162,353	(202,614)
Other instruction	3,704,668	3,538,906	165,762
Total instruction	46,095,041	45,734,572	360,469
Support services:			
Pupil services	2,436,716	2,486,814	(50,098)
Instructional staff services	2,204,581	2,846,419	(641,838)
General administration	1,886,194	1,884,594	1,600
Building administration	3,883,621	3,810,401	73,220
Business services	11,548,968	9,878,243	1,670,725
Central services	271,351	341,070	(69,719)
Insurance	472,741	510,562	(37,821)
Other support services	2,161,760	2,562,367	(400,607)
Total support services	24,865,932	24,320,470	545,462
Total expenditures	70,960,973	70,055,042	905,931
Excess of revenues over (under)			
expenditures	6,024,365	9,004,418	2,980,053
Other financing uses:			
Transfers out	(5,970,750)	(8,477,630)	(2,506,880)
Total other financing uses	(5,970,750)	(8,477,630)	(2,506,880)
Net change in fund balance	53,615	526,788	473,173
Fund balance - Beginning of year	26,921,887	26,921,887	-
Fund balance - End of year	\$ 26,975,502	\$ 27,448,675	\$ 473,173

See Independent Auditor's Report.

See accompanying notes to budgetary comparison schedule.

# **Oak Creek-Franklin Joint School District**

## **Notes to Budgetary Comparison Schedule - General Fund**

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### **Note 1: Budgetary Information**

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction (DPI). The legally adopted budget and budgetary expenditure control are exercised at the two-digit subfunction level in the General Fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

- Based upon requests from District staff, District administration recommends budget proposals to the School Board.
- The School Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- A public notice is published containing a summary of the budget and identifying the time and place where a public hearing will be held on the proposed budget.
- Pursuant to the public budget hearing, the School Board may make alterations to the proposed budget.
- Once the School Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations unless authorized by a 2/3 vote of the entire School Board.

Appropriations lapse at year-end unless authorized as a carryover by the School Board. The portion of fund balance representing carryover appropriations is reported as an assigned fund balance.

# Oak Creek-Franklin Joint School District

## Notes to the Budgetary Comparison Schedule - General Fund (Continued)

### Note 2: Budgetary Comparisons

GAAP requires a budgetary comparison for the General Fund and each major special revenue fund.

Required comparisons are between the final budget and actual on a budgetary basis. The "original budget" represents the budget as approved by the school board after it sets the tax to be levied for the fiscal year. The "final budget" is the "original budget" adjusted for any budget amendments approved by the school board during the fiscal year and up to the time the financial statements are ready to be issued. The "actual on a budgetary basis" excludes the revenues, expenditures, and other financing sources/(uses) of the special education fund, which is treated as a special revenue fund for budgetary purposes. The following schedule reconciles the "budgetary basis" revenues and expenditures of the *budgetary comparison schedule - general fund* to the *governmental funds - statement of revenues, expenditures, and changes in fund balances*:

	<b>General Fund Actual on Budgetary Basis</b>	<b>Special Education Fund</b>	<b>General Fund Actual on GAAP Basis</b>
Revenues	\$ 79,059,460	\$ 3,571,721	\$ 82,631,181
Expenditures	(70,055,042)	(9,354,378)	(79,409,420)
Other financing sources (uses)	(8,477,630)	5,782,657	(2,694,973)
Net change in fund balance	\$ 526,788	\$ -	\$ 526,788

### Note 3: Excess of Expenditures Over Appropriations

For the year ended June 30, 2021, the General Fund had expenditures in excess of appropriations for the following two-digit subfunction categories:

	<b>Budget</b>	<b>Actual</b>	<b>Actual Over Budget</b>
Vocational instruction	\$ 1,959,739	\$ 2,162,353	\$ 202,614
Pupil services	2,436,716	2,486,814	50,098
Instructional staff services	2,204,581	2,846,419	641,838
Central services	271,351	341,070	69,719
Insurance	472,741	510,562	37,821
Other support services	2,161,760	2,562,367	400,607



# Oak Creek-Franklin Joint School District

## Schedules of the Employer's Proportionate Share of the Net Pension Liability (Asset) and Employer Contributions - Wisconsin Retirement System

Last 10 Years\*

### Schedule of the Employer's Proportionate Share of the Net Pension Liability (Asset) Wisconsin Retirement System (WRS)

Last 10 Calendar Years\*

Measurement Date December 31,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	Districts Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.25407341 %	\$ (15,862,155)	\$ 41,501,886	(38.22)%	105.26 %
2019	0.25518900	(8,228,458)	40,891,781	(20.12)	102.96
2018	0.25316800	9,006,928	39,750,561	22.66	96.45
2017	0.25512700	(7,575,026)	37,324,502	(20.30)	102.93
2016	0.25693400	2,117,747	36,007,614	5.88	99.12
2015	0.25941000	4,215,354	37,656,340	11.19	98.20
2014	0.25527300	(6,270,193)	35,262,069	(17.78)	102.74

### Schedule of the Employer Contributions Wisconsin Retirement System (WRS)

Last 10 Fiscal Years\*

Year Ended June 30,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll for the Fiscal Year	Contributions as a Percentage of Covered Payroll
2021	\$ 2,831,524	\$ 2,831,524	\$ -	\$ 41,948,504	6.75 %
2020	2,678,412	2,678,412	-	41,695,510	6.42
2019	2,665,179	2,665,179	-	40,214,778	6.63
2018	2,538,066	2,538,066	-	39,329,481	6.45
2017	2,532,781	2,532,781	-	37,788,734	6.70
2016	2,470,049	2,470,049	-	36,883,678	6.70
2015	2,457,757	2,457,757	-	35,713,656	6.88

#### Notes to the Schedules:

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

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

\*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

# Oak Creek-Franklin Joint School District

## Schedules of the Employer's Proportionate Share of the Net OPEB Liability (Asset) and Employer Contributions - Local Retiree Life Insurance Fund (LRLIF)

Last 10 Years\*

### Schedule of the Employer's Proportionate Share of the Net OPEB Liability (Asset) Local Retiree Life Insurance Fund (LRLIF)

Measurement Date	District's Proportion of the Net OPEB Liability (Asset)	District's Proportionate Share of the Net OPEB Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
December 31,					
2020	0.45476000 %	\$ 2,501,508	\$ 25,158,000	9.94 %	31.36 %
2019	0.45162000	1,923,086	25,571,000	7.52	37.58
2018	0.45953600	1,185,758	25,155,000	4.71	48.69
2017	0.47418900	1,426,636	19,941,004	7.15	44.81

### Schedule of the Employer Contributions Local Retiree Life Insurance Fund (LRLIF)

Last 10 Fiscal Years\*

Year Ended June 30,	Contractually Required Contributions for the Fiscal Period	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll for the Fiscal Period	Contributions as a Percentage of Covered Payroll
2021	\$ 9,068	\$ 9,068	\$ -	\$ 25,158,000	0.0360 %
2020	8,164	8,164	-	25,571,000	0.0319
2019	8,853	8,853	-	25,155,000	0.0352
2018	9,004	9,004	-	19,941,004	0.0452

#### Notes to the Schedules:

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

*Changes of assumptions:* The Single Discount Rate assumption used to develop the total OPEB liability changed from the prior year. Please refer to the actuarial assumptions section above for additional detail.

\*These schedules are intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

**Oak Creek-Franklin Joint School District**  
**Schedule of Changes in the Total OPEB Liability and**  
**Related Ratios**  
**Last 10 Fiscal Years**

Fiscal Year Ending - June 30,	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 1,563,594	\$ 1,155,799	\$ 1,160,158	\$ 1,067,602
Interest	343,825	1,058,027	1,021,196	989,447
Differences between expected and actual experience	-	(448,909)	-	(20,597)
Changes in assumptions or other input	-	4,242,649	-	-
Benefit payments	(879,560)	(1,065,595)	(986,435)	(1,287,320)
Net Change in OPEB Liability	1,027,859	4,941,971	1,194,919	749,132
Total OPEB liability - beginning	19,496,480	14,554,509	13,359,590	12,610,458
Total OPEB liability - ending	\$20,524,339	\$19,496,480	\$14,554,509	\$13,359,590

Covered employee payroll	\$35,754,246	\$35,754,246	\$33,725,356	\$33,725,356
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Total OPEB liability as a percentage of covered employee payroll	57.40%	54.53%	43.16%	39.61%
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\* These schedules are intended to present information for the last 10 years.  
Additional information will be presented as it becomes available.

See Independent Auditor's Report.

## **Supplementary Financial Information**

# Oak Creek-Franklin Joint School District

## Combining Balance Sheet - General Fund

### June 30, 2021

	General Operating Fund	Special Education Fund	Total General Fund
<b>Assets:</b>			
Cash and investments	\$ 28,886,289	\$ (458,709)	\$ 28,427,580
Receivables:			
Accounts	52,862	-	52,862
Taxes	3,250,657	-	3,250,657
Inventory	478,145	-	478,145
Prepaid items	178,986	38,578	217,564
Due from other governments	1,289,770	434,363	1,724,133
Due from other funds	134,443	-	134,443
<b>Total assets</b>	<b>\$ 34,271,152</b>	<b>\$ 14,232</b>	<b>\$ 34,285,384</b>
<b>Liabilities:</b>			
Accounts payable	\$ 313,302	\$ 5,825	\$ 319,127
Accrued payroll	1,648,439	8,407	1,656,846
Medical claims payable	2,126,464	-	2,126,464
Due to other funds	2,694,973	-	2,694,973
Unearned revenue	39,299	-	39,299
<b>Total liabilities</b>	<b>6,822,477</b>	<b>14,232</b>	<b>6,836,709</b>
<b>Fund balances:</b>			
Nonspendable	657,131	38,578	695,709
Restricted	2,260,387	-	2,260,387
Assigned	271,497	-	271,497
Unassigned	24,259,660	(38,578)	24,221,082
<b>Total fund balances</b>	<b>27,448,675</b>	<b>-</b>	<b>27,448,675</b>
<b>Total liabilities and fund balances</b>	<b>\$ 34,271,152</b>	<b>\$ 14,232</b>	<b>\$ 34,285,384</b>

See Independent Auditor's Report.

**Oak Creek-Franklin Joint School District**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - General Fund**  
**Year Ended June 30, 2021**

	General Operating Fund	Special Education Fund	Total General Fund
<b>Revenues:</b>			
Property taxes	\$ 28,039,176	\$ -	\$ 28,039,176
Other local sources	758,832	-	758,832
Interdistrict sources	5,920,465	-	5,920,465
Intermediate sources	-	5,241	5,241
State sources	40,384,318	2,209,977	42,594,295
Federal sources	3,494,608	1,353,006	4,847,614
Other sources	462,061	3,497	465,558
<b>Total revenues</b>	<b>79,059,460</b>	<b>3,571,721</b>	<b>82,631,181</b>
<b>Expenditures:</b>			
Instruction:			
Regular instruction	40,033,313	111,791	40,145,104
Vocational instruction	2,162,353	-	2,162,353
Special instruction	-	6,598,851	6,598,851
Other instruction	3,538,906	-	3,538,906
<b>Total instruction</b>	<b>45,734,572</b>	<b>6,710,642</b>	<b>52,445,214</b>
Support services:			
Pupil services	2,486,814	1,843,250	4,330,064
Instructional staff services	2,846,419	175,164	3,021,583
General administration	1,884,594	-	1,884,594
Building administration	3,810,401	-	3,810,401
Business services	9,878,243	479,317	10,357,560
Central services	341,070	-	341,070
Insurance	510,562	-	510,562
Other support services	2,562,367	146,005	2,708,372
<b>Total support services</b>	<b>24,320,470</b>	<b>2,643,736</b>	<b>26,964,206</b>
<b>Total expenditures</b>	<b>70,055,042</b>	<b>9,354,378</b>	<b>79,409,420</b>
Excess of revenues over (under) expenditures	9,004,418	(5,782,657)	3,221,761
Other financing uses:			
Transfers in/out	(8,477,630)	5,782,657	(2,694,973)
<b>Total other financing uses</b>	<b>(8,477,630)</b>	<b>5,782,657</b>	<b>(2,694,973)</b>
<b>Net change in fund balances</b>	<b>526,788</b>	<b>-</b>	<b>526,788</b>
Fund balances - Beginning of year	26,921,887	-	26,921,887
<b>Fund balances - End of year</b>	<b>\$ 27,448,675</b>	<b>\$ -</b>	<b>\$ 27,448,675</b>

See Independent Auditor's Report.

**Oak Creek-Franklin Joint School District**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2021**

	Special Revenue Trust Fund	School Nutrition Services Fund	Community Service Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and investments	\$ 996,544	\$ 1,083,367	\$ 91,851	\$ 2,171,762
Accounts receivable	-	8,575	-	8,575
Inventory	-	17,600	-	17,600
Due from other governments	-	129,920	-	129,920
Prepaid expenditures	1,154	-	4,296	5,450
<b>Total assets</b>	<b>\$ 997,698</b>	<b>\$1,239,462</b>	<b>\$ 96,147</b>	<b>\$2,333,307</b>
<b>Liabilities:</b>				
Accounts payable	\$ 536	\$ 119,099	\$ 4,507	\$ 124,142
Accrued salaries	-	-	43,806	43,806
Unearned revenue	-	-	359,986	359,986
<b>Total liabilities</b>	<b>536</b>	<b>119,099</b>	<b>408,299</b>	<b>527,934</b>
<b>Fund balances:</b>				
Nonspendable	1,154	17,600	4,296	23,050
Restricted	996,008	1,102,763	-	2,098,771
Unassigned	-	-	(316,448)	(316,448)
<b>Total fund balances</b>	<b>997,162</b>	<b>1,120,363</b>	<b>(312,152)</b>	<b>1,805,373</b>
<b>Total liabilities and fund balance</b>	<b>\$ 997,698</b>	<b>\$ 1,239,462</b>	<b>\$ 96,147</b>	<b>\$ 2,333,307</b>

See Independent Auditor's Report.

**Oak Creek-Franklin Joint School District**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances (Deficit) - Nonmajor Governmental Funds**  
**Year Ended June 30, 2021**

	Special Revenue Trust Fund	School Nutrition Services Fund	Community Service Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Property taxes	\$ -	\$ -	\$ 216,475	\$ 216,475
Other local sources	718,925	47,353	480,637	1,246,915
State sources	-	27,973	-	27,973
Federal sources	-	2,451,533	-	2,451,533
<b>Total revenues</b>	<b>718,925</b>	<b>2,526,859</b>	<b>697,112</b>	<b>3,942,896</b>
<b>Expenditures:</b>				
Instruction:				
Regular instruction	690,666	-	-	690,666
Vocational instruction	10,369	-	-	10,369
Other instruction	5,215	-	-	5,215
<b>Total Instruction:</b>	<b>706,250</b>	<b>-</b>	<b>-</b>	<b>706,250</b>
Support services:				
Pupil services	1,940	-	-	1,940
Instructional staff services	3,000	-	-	3,000
Building administration	225	-	-	225
Business services	-	1,597,451	92,309	1,689,760
Insurance	-	19,210	428	19,638
Other support services	350	-	912,101	912,451
<b>Total support services</b>	<b>5,515</b>	<b>1,616,661</b>	<b>1,004,838</b>	<b>2,627,014</b>
<b>Total expenditures</b>	<b>711,765</b>	<b>1,616,661</b>	<b>1,004,838</b>	<b>3,333,264</b>
<b>Net change in fund balances (deficit)</b>	<b>7,160</b>	<b>910,198</b>	<b>(307,726)</b>	<b>609,632</b>
<b>Fund balances (deficit) - Beginning of year</b>	<b>990,002</b>	<b>210,165</b>	<b>(4,426)</b>	<b>1,195,741</b>
<b>Fund balances (deficit) - End of year</b>	<b>\$ 997,162</b>	<b>\$ 1,120,363</b>	<b>\$ (312,152)</b>	<b>\$ 1,805,373</b>

See Independent Auditor's Report.



# Other Reports

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with *Government Auditing Standards***

Board of Education  
Oak Creek-Franklin Joint School District  
Oak Creek, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oak Creek-Franklin Joint School District (the "District") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2021.

### **Internal Control Over Financial Reporting**

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

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

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

## **Responses to Findings**

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

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

December 15, 2021  
Madison, Wisconsin

## **Independent Auditor's Report on Compliance for Each Federal and State Program and on Internal Control Over Compliance Required by the Uniform Guidance and the State of Wisconsin Single Audit Guidelines**

Board of Education  
Oak Creek-Franklin Joint School District  
Oak Creek, Wisconsin

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

We have audited the Oak Creek-Franklin Joint School District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State of Wisconsin Single Audit Guidelines*, issued by the Wisconsin Department of Administration, that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2021. 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.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

## Opinion on Each Major Federal and State Program

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

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State of Wisconsin Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 the attention of those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Wipfli LLP  
December 15, 2021  
Madison, Wisconsin

# Oak Creek-Franklin Joint School District

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Grantor Agency/Pass Through Agency/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Accrued Revenue 7/1/2020	Cash Received	Expenditures	Accrued Revenue 6/30/2021
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
Passed through Wisconsin Department of Public Instruction						
Donated Food Commodities	10.555	2021-404018-DPI-NSL-547	\$ -	\$ 186,691	\$ 186,691	\$ -
COVID-19 Summer Food Service Program	10.559	2021-404018-DPI-SFSP-566	37,222	2,172,144	2,264,842	129,920
Total Child Nutrition Cluster			37,222	2,358,835	2,451,533	129,920
<u>U.S. DEPARTMENT OF EDUCATION</u>						
Passed through Wisconsin Department of Public Instruction						
<i>Special Education Cluster</i>						
IDEA Flow Through	84.027	2021-404018-DPI-IDEA-FT-341	264,089	1,143,038	1,277,133	398,184
Preschool Entitlement	84.173	2021-404018-DPI-IDEA-P-347	8,520	34,012	37,891	12,399
Total Special Education Cluster			272,609	1,177,050	1,315,024	410,583
ESEA Title I - Basic Grant	84.010	2021-404018-DPI-TIA-141	84,145	483,232	505,118	106,031
ESEA Title II-A Teacher/Principal	84.367	2021-404018-DPI-TIIA-365	25,089	145,700	131,320	10,709
Title III-A Eng Language	84.365	2021-404018-DPI-TIIIA-391	18,270	119,555	103,422	2,137
Title IV-A-Student Support and Acad Enrich Grants	84.424	2021-404018-DPI-TIV-A-381	-	33,911	49,458	15,547
<i>Education Stabilization Fund</i>						
COVID-19 Education Stabilization Fund	84.425	2021-404018-DPI-ESSERF-160	-	2,201,024	2,210,694	9,670
Passed through School District of South Milwaukee						
Career and Technical Education - Basic Grants to States	84.048	2021-405439-DPI-CTE-400	9,845	30,044	24,801	4,602
Total U.S. Department of Education			409,958	4,190,516	4,339,837	559,279
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
Passed through Wisconsin Department of Health Services						
Medicaid Cluster	93.778	N/A	-	520,607	532,579	11,972
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$447,180	\$ 7,069,958	\$ 7,323,949	\$ 701,171

See Independent Auditor's Report.

See Notes to Schedule of Federal Awards and State Financial Assistance.

# Oak Creek-Franklin Joint School District

## Schedule of State Financial Assistance

Year Ended June 30, 2021

Grantor Agency/Pass Through Agency/Program Title	State I.D. Number	Pass-Through Entity Identifying Number	Accrued Revenue 7/1/2020	Cash Received	Expenditures	Accrued Revenue 6/30/2021
<b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b>						
Special Education and School Age Parents	255.101	404018-100	\$ -	\$ 2,167,712	\$ 2,167,712	\$ -
State School Lunch Aid	255.102	404018-107	-	24,372	24,372	-
Common School Fund Library Aid	255.103	404018-104	-	269,995	269,995	-
General Transportation Aid for Public School Pupils	255.107	404018-102	-	132,170	132,170	-
Equalization Aids	255.201	404018-116	552,070	34,129,518	34,116,507	539,059
Integration Transfer Aid	255.204	404018-106	-	290,537	290,537	-
High Cost Special Education Aid	255.210	404018-119	-	13,265	13,265	-
Aid for School Mental Health Programs	255.227	404018-176	-	29,943	29,943	-
Supplemental Per Pupil Aid	255.245	404018-181	-	18,823	18,823	-
School Based Mental Health Services Grant	255.297	404018-177	9,035	77,784	84,735	15,986
State School Breakfast Aid	255.344	404018-108	-	3,601	3,601	-
Early College Credit Program	255.445	404018-178	-	2,259	2,259	-
Educator Effective Eval Sys Grants Public	255.940	404018-154	-	36,000	36,000	-
Per Pupil Aid	255.945	404018-113	-	4,595,948	4,595,948	-
Career and Technical Education Incentive Grants	255.950	404018-152	-	93,324	93,324	-
Assessments of Reading Readiness	255.956	404018-166	-	20,056	20,056	-
Special Education Transition Incentive Grant BBL	255.960	404018-168	-	29,000	29,000	-
Total Wisconsin Department of Public Instruction			561,105	41,934,307	41,928,247	555,045
<b>WISCONSIN DEPARTMENT OF JUSTICE</b>						
School Safety Initiative	455.201	N/A	-	5,000	5,000	-
<b>WISCONSIN DEPARTMENT OF REVENUE</b>						
Exempt Computer Aid	835.109	N/A	484,261	484,261	484,261	484,261
Personal Property Aid	835.103	N/A	275,200	479,960	204,760	-
Total Wisconsin Department of Revenue			759,461	964,221	689,021	484,261
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			\$ 1,320,566	\$ 42,903,528	\$ 42,622,268	\$ 1,039,306

See Independent Auditor's Report.

See Notes to Schedule of Federal Awards and State Financial Assistance.

# **Oak Creek-Franklin Joint School District**

## **Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance**

Year Ended June 30, 2021

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

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state award activity of the District under programs of the federal and state government for the year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the *State of Wisconsin Single Audit Guidelines*. Because the schedules present only a selected portion of the operations of the District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the District. Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### **Note 2: De Minimis Cost Rate**

The District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

2020-2021 eligible costs under the State Special Education Program are \$7,902,724.

### **Note 4: Subrecipients**

The District does not have subrecipients or subrecipient expenditures.



# Oak Creek-Franklin Joint School District

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

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### Section I - Summary of Auditor's Results

#### *Financial Statements*

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to the financial statements noted?	No

#### *Federal Awards*

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	

Assistance Listing Number	Name of Federal Program or Cluster
84.425	COVID-19 Education Stabilization Fund
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as a low-risk auditee?	Yes

# Oak Creek-Franklin Joint School District

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2021

### Section I - Summary of Auditor's Results (Continued)

#### *State Financial Assistance*

Internal control over major programs:

Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the <i>State of Wisconsin Single Audit Guidelines</i> ?	No
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Identification of major state programs:

State ID Number	Name of State Program
255.101	Special Education and School Age Parents
255.201, 255.204	General Aids Cluster

Federal program audited as a major program to meet State requirements:

93.778	Medicaid Cluster
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### Section II - Financial Statement Findings

#### 2021-001: Financial Accounting and Reporting

Criteria - The District is responsible for reporting financial data reliably in accordance with accounting principles generally accepted in the United States (GAAP).

Condition - During the preparation of the financial statements for the current year, an error in the prior year financial statements was identified.

Cause - The District relied on its previous audit firm for the accounting and reporting of activity related to the District's other post-employment benefit plan. Further, District staff did not entirely understand the amounts needed to report these items correctly.

Effect - As a result of not having an individual trained in the preparation of GAAP basis financial statements, the completeness of the financial statement disclosures and the accuracy of the financial statement presentation is negatively impacted as outside auditors do not have the same comprehensive understanding of the District as its own management.

Recommendation - We recommend that the District work with its actuary and audit firm to understand the accounting and reporting requirements related to its other post employment benefit plan so that the amounts can be properly recorded in the future.

Management's Response - The District agrees with the above recommendation.

# Oak Creek-Franklin Joint School District

## Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2021

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### Section III - Federal and State Findings and Questioned Costs

None

### Section IV - Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern?

No

Does the audit report show audit issues (i.e., material noncompliance, nonmaterial noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State of Wisconsin Single Audit Guidelines*:

Department of Public Instruction

No

Department of Justice

No

Department of Revenue

No

Department of Health Services

No

Was a Management Letter or other document conveying audit comments issued as a result of this audit?

Yes



Name of Partner

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Rob Ganschow

Date

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December 15, 2021

**Corrective Action Plan for the year ended June 30, 2021**

**Finding 2021-001 – Financial Accounting and Reporting**

Corrective Action Plan:

We will work with our actuary and audit firm to understand the accounting and reporting requirements related to our other post employment benefit plan so that the amounts can be properly recorded in the future

Person(s) Responsible: Karen Wolfram, Comptroller

Timing for Implementation: June 30, 2022.