

**PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 2, 2024**

**SALE DATE AND TIME:  
DECEMBER 9, 2024  
10:00 A.M. CST**

**NEW ISSUE – BOOK-ENTRY ONLY  
– NOT-BANK QUALIFIED**

**RATING<sup>+</sup>: MOODY'S "Aa3"**

*In the opinion of Quarles & Brady LLP, Bond Counsel, assuming continued compliance with the requirements of the Internal Revenue Code of 1986, as amended, under existing law interest on the Bonds is excludable from gross income and is not an item of tax preference for federal income tax purposes; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). See "TAX EXEMPTION" herein for a more detailed discussion of some of the federal income tax consequences of owning the Bonds. The Bonds shall not be "qualified tax-exempt obligations." The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.*

**\$14,000,000\***

**SHAWANO SCHOOL DISTRICT  
SHAWANO COUNTY, WISCONSIN  
GENERAL OBLIGATION SCHOOL FACILITY IMPROVEMENT BONDS, SERIES 2024**

**Dated: Date of Issuance**

**Due: March 1, as set forth on the inside cover page**

The General Obligation School Facility Improvement Bonds, Series 2024 (the "Bonds") of the Shawano School District, Shawano County, Wisconsin (the "District"), are issuable as fully registered bonds under the global book-entry system operated by The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only. Beneficial owners of the Bonds will not receive physical delivery of bond certificates. The Bonds are issued in fully registered form in denominations of \$5,000 or any integral multiple thereof and will bear interest payable on March 1 and September 1 of each year, with March 1, 2025 as the first interest payment date. The District will act as bond registrar and paying agent for the Bonds. Details of payment of the Bonds are described herein. Interest is calculated based on a 360-day year of twelve 30-day months.

Proceeds of the Bonds will be used to pay (i) a portion of the cost of a school facility improvement project consisting of: construction of additions and renovations at Shawano Community High School, including for classrooms, technical education, performing arts, physical education and the swimming pool; construction of and improvements to outdoor athletic fields and facilities at the High School; district-wide capital maintenance, building infrastructure, systems and site improvements; remodeling at Olga Brener Intermediate School, including for classrooms and district administration relocation; and acquisition of furnishings, fixtures and equipment, and (ii) certain costs associated with the issuance of the Bonds.

The Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged which taxes may, under current law, be levied without limitation as to rate or amount. See "THE BONDS – Security and Payment" herein.

The Bonds are subject to optional redemption prior to maturity in the manner, at the times and at the redemption price described herein under "THE BONDS – Optional Redemption."

The Bonds are being offered at public sale, subject to the approval of legality by Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. Quarles & Brady LLP is also acting as Disclosure Counsel to the District. Delivery of the Bonds will be through the facilities of DTC on or about December 30, 2024.



**AS MUNICIPAL ADVISOR**

The date of this Official Statement is December \_\_, 2024.

\*Preliminary, subject to change.  
+See "RATING" herein.

## MATURITY SCHEDULE, AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

### \$14,000,000\* General Obligation School Facility Improvement Bonds, Series 2024

| <u>Maturity</u><br><u>(March 1)</u> | <u>Amount (\$)*</u> | <u>Rate (%)</u> | <u>Yield (%)</u> | <u>CUSIP<sup>(1)</sup></u><br><u>(820430)</u> |
|-------------------------------------|---------------------|-----------------|------------------|---|
| 2025                                | 2,900,000           |                 |                  |   |
| 2026                                | 180,000             |                 |                  |   |
| 2027                                | 350,000             |                 |                  |   |
| 2028                                | 415,000             |                 |                  |   |
| 2029                                | 435,000             |                 |                  |   |
| 2030                                | 460,000             |                 |                  |   |
| 2031                                | 480,000             |                 |                  |   |
| 2032                                | 505,000             |                 |                  |   |
| 2033                                | 530,000             |                 |                  |   |
| 2034                                | 560,000             |                 |                  |   |
| 2035                                | 590,000             |                 |                  |   |
| 2036                                | 620,000             |                 |                  |   |
| 2037                                | 645,000             |                 |                  |   |
| 2038                                | 675,000             |                 |                  |   |
| 2039                                | 700,000             |                 |                  |   |
| 2040                                | 730,000             |                 |                  |   |
| 2041                                | 760,000             |                 |                  |   |
| 2042                                | 790,000             |                 |                  |   |
| 2043                                | 820,000             |                 |                  |   |
| 2044                                | 855,000             |                 |                  |   |

\*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of each maturity of the Bonds on the day of sale in increments of \$5,000. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 bond.

(1) CUSIP data herein is provided by CUSIP Global Services (“CGS”). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers are subject to change after the issuance of the Bonds.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Shawano School District, Shawano County, Wisconsin (the “District”), from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed final by the District as of the date hereof (or of any such supplement or amendment).

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as statements of the District or the Underwriter (defined herein). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information set forth herein relating to governmental bodies other than the District has been obtained from such governmental bodies or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

PMA Securities, LLC, Milwaukee, Wisconsin, is serving as municipal advisor (the “Municipal Advisor”) to the District in connection with the issuance of the Bonds. In preparing this Official Statement, the Municipal Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Municipal Advisor’s knowledge, the information contained in this Official Statement is true and accurate. However, the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimate will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District’s beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriter is required to review the information in this Official Statement in accordance with, and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other Federal, State, Municipal or other governmental entity, other than the District, shall have passed upon the accuracy or adequacy of this Official Statement.

**SHAWANO SCHOOL DISTRICT  
Shawano County, Wisconsin  
218 County Road B  
Shawano, Wisconsin 54166  
(715) 526-3194**

\* \* \* \* \*

**School Board**

Michael Musolff, President  
Bobbi Lemerond, Vice President  
Jeana Winslow, Clerk  
Karen Houston, Treasurer  
John Arens, Member  
Frank Kugel, Member  
Christine McKinnies, Member  
Alfred Pyatskowitz, Member  
Tim Renard, Member

**District Administrator**

Kurt Krizan

**Director of Finance, Business & Operations**

Bryan Kadlec

\* \* \* \* \*

**Paying Agent/Registrar**

The District

**Independent Auditors**

CliftonLarsonAllen LLP  
1175 Lombardi Avenue, Suite 200  
Green Bay, Wisconsin 54304

**Municipal Advisor**

PMA Securities, LLC  
770 North Jefferson Street, Suite 200  
Milwaukee, Wisconsin 53202

**Bond Counsel & Disclosure Counsel**

Quarles & Brady LLP  
411 East Wisconsin Avenue, Suite 2400  
Milwaukee, Wisconsin 53202

**Underwriter**

## TABLE OF CONTENTS

|   | <u>PAGE</u> |
|---|-------------|
| INTRODUCTION .....  | 1           |
| THE BONDS .....   | 1           |
| General Description .....   | 1           |
| Registration and Exchange .....   | 1           |
| Authority and Summary of Resolutions .....  | 2           |
| Security and Payment .....  | 3           |
| Optional Redemption .....   | 3           |
| Redemption Procedures .....   | 3           |
| THE PROJECT .....   | 4           |
| SOURCES AND USES .....  | 4           |
| CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE DISTRICT'S POWER TO INCUR INDEBTEDNESS ..... | 4           |
| General Obligation Bonds .....  | 4           |
| Refunding Bonds .....   | 5           |
| Promissory Notes .....  | 5           |
| Bond Anticipation Notes .....   | 5           |
| Temporary Borrowing .....   | 5           |
| Debt Limit .....  | 5           |
| BOOK-ENTRY SYSTEM .....   | 6           |
| THE DISTRICT .....  | 8           |
| The School Board of the District .....  | 8           |
| Administration .....  | 8           |
| District Facilities .....   | 9           |
| School Enrollments .....  | 9           |
| Employee Relations .....  | 9           |
| Pension Plan .....  | 10          |
| Other Post-Employment Benefits .....  | 11          |
| GENERAL INFORMATION .....   | 12          |
| Location .....  | 12          |
| Education .....   | 12          |
| Post-Secondary Education .....  | 12          |
| DEMOGRAPHIC AND ECONOMIC INFORMATION .....  | 13          |
| Population .....  | 13          |
| Per Return Adjusted Gross Income .....  | 13          |
| Income & Housing .....  | 13          |
| Building Permits .....  | 14          |
| Unemployment Rate .....   | 14          |
| Larger Employers .....  | 15          |
| Largest Taxpayers .....   | 15          |
| TAX LEVIES, RATES AND COLLECTIONS .....   | 16          |
| PROPORTIONATE LEVY AMOUNTS .....  | 17          |
| EQUALIZED VALUATIONS .....  | 17          |
| TAX INCREMENTAL DISTRICTS .....   | 18          |
| INDEBTEDNESS OF THE DISTRICT .....  | 19          |
| Summary of Outstanding Debt .....   | 19          |
| Direct Long-Term Indebtedness .....   | 19          |
| Short Term Financings .....   | 20          |
| Future Financing .....  | 20          |
| Default Record .....  | 20          |
| Overlapping Indebtedness .....  | 20          |
| Debt Statement .....  | 21          |
| Debt Ratios .....   | 21          |
| FINANCIAL INFORMATION .....   | 21          |
| Budgeting Process .....   | 21          |
| General Fund Summary .....  | 22          |
| Financial Statements .....  | 22          |
| Budget Summary .....  | 23          |
| TAX EXEMPTION .....   | 23          |

ORIGINAL ISSUE DISCOUNT AND BOND PREMIUM..... 24

    Original Issue Discount ..... 24

    Bond Premium ..... 25

LITIGATION ..... 25

RATING..... 25

REVENUE LIMITS ON WISCONSIN SCHOOL DISTRICTS ..... 26

MUNICIPAL BANKRUPTCY ..... 26

CONTINUING DISCLOSURE..... 27

CERTAIN LEGAL MATTERS..... 27

UNDERWRITING ..... 28

MUNICIPAL ADVISOR ..... 28

THE OFFICIAL STATEMENT ..... 29

    Accuracy and Completeness of the Official Statement ..... 29

Appendices:

- A. Form of Legal Opinion of Bond Counsel
- B. Financial Statements and Supplementary Information for the Fiscal Year Ended June 30, 2023
- C. Form of Continuing Disclosure Certificate
- D. Official Notice of Sale and Bid Form

**\$14,000,000\***  
**Shawano School District**  
**Shawano County, Wisconsin**  
**General Obligation School Facility Improvement Bonds, Series 2024**

**INTRODUCTION**

The purpose of this Official Statement is to set forth certain information concerning the Shawano School District, Shawano County, Wisconsin (the “District”), in connection with the offering and sale of its \$14,000,000\* General Obligation School Facility Improvement Bonds, Series 2024 (the “Bonds”). This Official Statement includes the cover page, the reverse thereof and the Appendices. Certain factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering a purchase of the Bonds should read this Official Statement in its entirety.

**THE BONDS**

**General Description**

The Bonds will be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”). Principal of and the interest on the Bonds will be payable by the District as paying agent and bond registrar (the “Registrar” or “Paying Agent”).

The Bonds will be dated as of the date of issuance thereof and will mature as shown on the inside cover page of this Official Statement. Interest will be payable on each March 1 and September 1, beginning March 1, 2025.

The Bonds are subject to optional redemption prior to maturity in the manner, at the times and at the redemption price described herein under “Optional Redemption.”

The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal office of the Registrar. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the calendar month next preceding each interest payment date (the “Record Date”).

**Registration and Exchange**

The Registrar shall keep books for the registration and for the transfer of the Bonds (the “Register”). The District may treat and consider DTC or its nominee (the “Depository”) as the absolute owner of the Bonds for the purpose of receiving payment of, or on account of, the principal of and interest on the Bonds and for all other purposes whatsoever.

The Bonds are transferable only through the Register upon surrender of a Bond to the Registrar by the registered owner in person or his duly authorized attorney, only in the event that the Depository does not continue to act as securities depository for the Bonds. The Registrar shall not be obliged to

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\* Preliminary, subject to change.

make any transfer of the Bonds during the period after the close of business on the Record Date and before the opening of business on the related interest payment date.

Upon transfer, the Registrar shall execute and deliver in the name of the transferee or transferees a new Bond or Bonds of a like aggregate principal amount and maturity, upon the payment of a charge sufficient to reimburse the District for any tax, fee or other governmental charge required to be paid with respect to such registration. The Registrar shall record the name of each transferee in the Register. The Registrar shall cancel any Bond surrendered for transfer. The District shall cooperate in any such transfer, and the Registrar is authorized to execute any new Bond or Bonds necessary to effect any such transfer.

## **Authority and Summary of Resolutions**

### *Initial Resolution; Referendum*

By way of a resolution adopted on August 12, 2024 (the “Initial Resolution”), the School Board (the “Board”) authorized the issuance of general obligation bonds in an amount not to exceed \$51,230,000 for the public purpose of paying the cost of a school facility improvement project consisting of: construction of additions and renovations at Shawano Community High School, including for classrooms, technical education, performing arts, physical education and the swimming pool; construction of and improvements to outdoor athletic fields and facilities at the High School; district-wide capital maintenance, building infrastructure, systems and site improvements; remodeling at Olga Brener Intermediate School, including for classrooms and district administration relocation; and acquisition of furnishings, fixtures and equipment (the “Project”).

By way of a resolution also adopted on August 12, 2024, the Board provided for a referendum election to be held on November 5, 2024 (the “Referendum”). The District gave notice to the electors relating to the bond referendum at which time the electors would vote to approve or reject the Initial Resolution.

On November 5, 2024, the Referendum was held in the District on the proposition of whether the Initial Resolution should be approved at which 5,565 votes (59.81%) were cast in favor of approval of the Initial Resolution and 3,739 votes (40.19%) were cast against approval of the Initial Resolution.

The Bonds constitute \$14,000,000\* of the \$51,230,000 (the “Referendum-Approved Amount”) approved by voters of the District for the Project. After the issuance of the Bonds, the District will have \$37,230,000\* in borrowing authority remaining pursuant to the Initial Resolution and Referendum approval for the Project. For more information, see “INDEBTEDNESS OF THE DISTRICT – Future Financing” herein.

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\* Preliminary, subject to change.



## *Award Resolution*

By way of a resolution to be adopted by the Board on December 9, 2024 (the “Award Resolution”), the District will accept the bid (or reject all bids) of the Underwriter (defined herein) for the purchase of the Bonds, provide the details and form of the Bonds and set out certain covenants with respect thereto. The Award Resolution pledges the full faith, credit and resources of the District to payments of the principal and interest on the Bonds. Pursuant to the Award Resolution, the amount of direct, annual, irrevocable taxes levied for collection in the years 2025 through 2044 which will be sufficient to meet the principal and interest payments on the Bonds when due will be specified (or monies to pay such debt service will otherwise be appropriated). The Award Resolution establishes separate and distinct from all other funds of the District a debt service fund with respect to payment of principal and interest on the Bonds. Reference is made to the Award Resolution for a complete recital of its terms.

## **Security and Payment**

The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged which taxes may, under current law, be levied without limitation as to rate or amount. The District is authorized and required by law to levy on all property taxable by the District such ad valorem taxes as may be necessary to pay the Bonds and the interest thereon. The tax will be levied under the Award Resolution for collection in each of the years 2025 through 2044 (or monies to pay such debt service will otherwise be appropriated).

## **Optional Redemption**

The Bonds due on and after March 1, 2034 are subject to redemption prior to maturity, at the option of the District, in whole or in part, by lot, in integral multiples of \$5,000, on March 1, 2033 or on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

## **Redemption Procedures**

Unless waived by any holder of the Bonds to be redeemed, notice of the call for any redemption shall be given by the Registrar on behalf of the District by mailing the redemption notices by registered or certified mail, overnight express delivery, facsimile transmission, electronic transmission or any other manner required by DTC not less than 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such registered owner to the Registrar.

All notices of redemption shall state (1) the redemption date, (2) the redemption price, (3) in the case of partial redemption of the Bonds, the respective principal amounts of the Bonds to be redeemed, (4) that on the redemption date the redemption price will become due and payable upon the Bonds or portion thereof called for redemption, and interest thereon shall cease to accrue from and after said date, (5) the place where such Bonds are to be surrendered for payment of the redemption price, and (6) such other information then required by custom, practice or industry standard.

Moneys sufficient to pay the redemption price of the Bonds to be redeemed shall be deposited by the District with the Registrar prior to any redemption date. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in payment of redemption price), such Bonds or portion of Bonds shall cease to bear or accrue interest. Neither the failure to mail such redemption notices, nor any defect in any notice so mailed, to any particular owner of a Bond, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Bond to

receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice.

**THE PROJECT**

The proceeds of the Bonds will be used (i) for the public purpose of paying a portion of the cost of the Project, and (ii) to pay costs associated with the issuance of the Bonds. The District anticipates the portion of the Project being financed by the Bonds to be completed by September 2025 and the entire Project to be completed by August 2027.

**SOURCES AND USES**

The sources and uses of funds with respect to the Bonds are estimated as follows:

**Estimated Sources of Funds**

|  |             |
|--|-------------|
| Par Amount of the Bonds.....               |             |
| [Net] Original Issue Discount/Premium..... |             |
| Total Sources.....                         | <u>\$ -</u> |

**Estimated Uses of Funds**

|                                       |             |
|---------------------------------------|-------------|
| Deposit into the Project Fund.....    |             |
| Costs of Issuance..... <sup>(1)</sup> |             |
| Total Uses .....                      | <u>\$ -</u> |

(1) Includes Underwriter’s Discount, Municipal Advisor fee, Disclosure Counsel fee, Bond Counsel fee, rating agency fee, and other costs of issuance.

**CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS  
CONCERNING THE DISTRICT’S POWER TO INCUR INDEBTEDNESS**

The Constitution and laws of the State of Wisconsin (the “State”) limit the power of the District (and other municipalities of the State) to issue obligations and to contract indebtedness. The District may not borrow money or issue notes or bonds therefor for any purpose except those specified by statute, which include among others the purposes for which the Bonds are being issued. Such constitutional and legislative limitations include the following, in summary form and as generally applicable to the District.

**General Obligation Bonds**

The principal amount (with interest) of every sum borrowed by the District and secured by an issue of bonds may be payable at one time in a single payment or at several times in two or more installments; however, no installment may be made payable later than the termination of 20 years immediately following the date of said bonds. The Board is required to levy a direct, annual, irrevocable tax sufficient in amount to pay the interest on such bonds as it falls due and also to pay and discharge the principal thereof at maturity.

## **Refunding Bonds**

The District is authorized to borrow money using refunding bonds for refunding existing debt. Refunding bonds must be payable within a period not exceeding 20 years following the initial date of the debt to be refunded. Such refunding bonds constitute a general obligation of the District. Refunding bonds are not subject to referendum.

## **Promissory Notes**

The District is also authorized to borrow money using promissory notes for any public purpose. Promissory notes must be payable within a period not exceeding 20 years following the date of said notes. Such notes constitute a general obligation of the District. Notes issued by the District to refinance or refund outstanding promissory notes issued by the District must be payable within 10 years and no later than 20 years following the original date of such promissory notes.

## **Bond Anticipation Notes**

In anticipation of issuing general obligation bonds or notes, the District is authorized to borrow money using bond anticipation notes. The bond anticipation notes are not a general obligation of the District, and do not constitute an indebtedness of the District, nor a charge against its general credit or taxing power. The bond anticipation notes are payable only from (a) proceeds of the bond anticipation notes set aside for payment of interest on the bond anticipation notes as they become due, and (b) proceeds to be derived from the issuance and sale of general obligation bonds or promissory notes which proceeds constitute a special trust fund to be held and expended solely for the payment of the principal of and interest on the bond anticipation notes. The maximum term of any bond anticipation notes (including any refunding) is five years.

## **Temporary Borrowing**

The Board of the District may, on its own motion, borrow money in such sums as may be needed to meet the immediate expenses of maintaining the schools in the District during the then current school year. No such loan or loans shall be made to extend beyond November 1 of the following year nor in any amount exceeding one-half of the estimated receipts for the operation and maintenance of the District for the current school year in which the loan is made.

## **Debt Limit**

The District has the power to contract indebtedness for purposes specified by statute so long as the principal amount thereof does not exceed 10% of the equalized value of taxable property within the District. For information with respect to the District's percent of legal debt incurred, see "INDEBTEDNESS OF THE DISTRICT – Debt Statement" herein.

## **BOOK-ENTRY SYSTEM**

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). S&P Global Ratings ("S&P") has assigned DTC its rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "Commission"). More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal

amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

**THE DISTRICT**

The administration of the District is exercised by the Board. The Board consists of nine members who are elected at large for staggered three-year terms of office. The Board annually elects a President, Vice President, Clerk and Treasurer from among its members for one-year terms.

Common school districts are required to formulate annual budgets and hold public hearings thereon. See “FINANCIAL INFORMATION – Budgeting Process” herein. The Board has the power and duty, among other things, to make rules for the organization, gradation, and government of the schools of the District, enter into agreements with other governmental units, tax for operation and maintenance, engage employees including a District Administrator and purchase school equipment.

**The School Board of the District**

The present members of the Board and the expiration of their respective terms of office are as follows:

| <u>Title</u>        | <u>Name</u>              | <u>Current Term Expires</u> |
|---------------------|--------------------------|-----------------------------|
| President.....      | Michael Musolff.....     | April 2026                  |
| Vice President..... | Bobbi Lemerond.....      | April 2025                  |
| Clerk.....          | Jeana Winslow.....       | April 2025                  |
| Treasurer.....      | Karen Houston.....       | April 2025                  |
| Member.....         | John Arens.....          | April 2026                  |
| Member.....         | Frank Kugel.....         | April 2027                  |
| Member.....         | Christine McKinnies..... | April 2027                  |
| Member.....         | Alfred Pyatskowitz.....  | April 2027                  |
| Member.....         | Tim Renard.....          | April 2025 <sup>(1)</sup>   |

(1) Appointment term expires in 2025. The seat term expires in 2026.

**Administration**

The Board is empowered to employ a District Administrator to conduct the affairs and programs of the District. The present District Administrator is Kurt Krizan, who has been with the District since August 2021. Other members of the Administrative Staff are as follows:

| <u>Name</u>               | <u>Title</u>   | <u>Year Started</u> |
|---------------------------|--|---------------------|
| Bryan Kadlec.....         | Director of Finance, Business & Operations.....        | 2023 <sup>(1)</sup> |
| Elisha Wagenson.....      | Director of Instruction and Personalized Learning..... | 2011                |
| Robyn Shingler.....       | Director of Community Education.....                   | 2018                |
| Lucas Koenig.....         | Director of Information Technology.....                | 2024 <sup>(2)</sup> |
| Janelle Schraufnagel..... | Director of Human Resources.....                       | 2024 <sup>(3)</sup> |
| Shawn Mathwich.....       | Director of Buildings and Grounds.....                 | 2020                |

(1) Mr. Kadlec previously served as the Director of Finance and Operations at Trevor-Wilmot Consolidated School District.

(2) Mr. Koenig previously served as the Chief Technology Officer at KerberRose.

(3) Ms. Schraufnagel previously served as the Human Resources Business Partner at ThedaCare.

## District Facilities

| Facility                             | Grades Served | Current Enrollment | Capacity Enrollment | Constructed | Years of Additions/Renovations |
|--------------------------------------|---------------|--------------------|---------------------|-------------|--------------------------------|
| LEADS Primary Charter.....           | 4K - 2        | 80                 | 72                  | 2010        | N/A                            |
| Hillcrest Primary School.....        | 4K - 2        | 481                | 900                 | 2010        | N/A                            |
| Olga Brener Intermediate School..... | 3 - 5         | 396                | 750                 | 1967        | 2010                           |
| Shawano Community Middle School....  | 6 - 8         | 435                | 900                 | 1954        | 1961, 1967, 2016               |
| Shawano Community High School.....   | 9 - 12        | 693                | 1,000               | 1996        | 2013                           |

## School Enrollments

| Year    | Enrollment | Year    | Projected Enrollment <sup>(1)</sup> |
|---------|------------|---------|-------------------------------------|
| 2020-21 | 2,335      | 2025-26 | 2,038                               |
| 2021-22 | 2,303      | 2026-27 | 2,000                               |
| 2022-23 | 2,238      | 2027-28 | 1,925                               |
| 2023-24 | 2,157      | 2028-29 | 1,886                               |
| 2024-25 | 2,085      | 2029-30 | 1,871                               |

(1) Projected by the District, forecasted based on 5 year survivorship analysis.

## Employee Relations

| Department                        | Number of Employees |
|-----------------------------------|---------------------|
| Administration.....               | 17                  |
| Teachers, Professional Staff..... | 197                 |
| Custodians.....                   | 5                   |
| Paraprofessionals.....            | 72                  |
| Clerical.....                     | 20                  |
| Total.....                        | 311                 |

The District employees are not currently represented by any collective bargaining groups. The District considers its relationship with its employees to be positive.

All eligible District personnel are covered by the Municipal Employment Relations Act (“MERA”) of the Wisconsin Statutes. Pursuant to that law, employees have limited rights to organize and, after significant changes were made to the law in 2011, very limited rights to collectively bargain with municipal employers. MERA was amended by 2011 Wisconsin Act 10 (the “Act”) and by 2011 Wisconsin Act 32.

As a result of the 2011 amendments to MERA, the District is prohibited from bargaining collectively with municipal employees with respect to any factor or condition of employment except total base wages. Even then, the District is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless the District were to seek approval for a higher increase through a referendum). Ultimately, the District can unilaterally implement the wages for a collective bargaining unit.<sup>(1)</sup>

Under the changes to MERA, impasse resolution procedures were removed from the law for municipal employees of the type employed by the District, including binding interest arbitration. Strikes by any municipal employee or labor organization are expressly prohibited. Furthermore, if strikes do occur, they may be enjoined by the courts. Additionally, because the only legal subject of bargaining is total base wages, all bargaining over items such as just cause, benefits, and terms of conditions of employment are prohibited and cannot be included in a collective bargaining agreement.

Due to the changes described above, the Board is free to unilaterally determine and promulgate policies, benefits and other terms and conditions of employment. Accordingly, the Board has approved an Employee Handbook for teachers and support staff, which sets forth policies, procedures and benefits for employees of the nature that were previously set forth in labor contracts. The Employee Handbook's terms are subject to change at the sole discretion of the District and are not subject to grievance or arbitration. However, individual employees will be allowed to file a grievance if they are disciplined or terminated. However, under the changes to MERA, the Board, rather than an arbitrator, is the final decision-maker regarding any grievance, though the grievance must be heard by an impartial hearing officer before reaching the Board.

## **Pension Plan**

All eligible employees in the District are covered under the Wisconsin Retirement System ("WRS") established under Chapter 40 of the Wisconsin Statutes. 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 ("Chapter 40"). The Department of Employee Trust Funds ("ETF") administers the WRS. Required contributions to the WRS are determined by the ETF Board pursuant to an annual actuarial valuation in accordance with Chapter 40 and the ETF's funding policies. The ETF Board has stated that its funding policy is to (i) ensure funds are adequate to pay benefits; (ii) maintain stable and predictable contribution rates for employers and employees; and (iii) maintain inter-generational equity to ensure the cost of the benefits is paid for by the generation that receives the benefits.

District employees are generally required to contribute half of the actuarially determined contributions, and the District generally may not pay the employees' required contribution. The total retirement plan contributions (not including any employee contributions) for the fiscal years ended June 30, 2021, June 30, 2022 and June 30, 2023 ("Fiscal Year 2023") totaled \$1,001,953, \$1,021,272 and \$1,011,541, respectively.

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<sup>(1)</sup> On July 3, 2024, a Wisconsin circuit court judge issued a decision in the case *Abbotsford Education Association vs. Wisconsin Employment Relations Commission*, Case No. 2023CV3152, denying the Wisconsin State Legislature's intervening motion to dismiss the plaintiffs' challenge to the different classifications the Act created regarding collective bargaining rights. The court's order denying the motion to dismiss states that the Act violates the equal protection clause of the Wisconsin Constitution and declares those provisions of the Act relating to collective bargaining modifications unconstitutional and void. The decision further instructs the parties to make additional filings to the court as to whether the court should issue judgment on the pleadings in light of the court's order or take some other action to bring the case to a final judgment. In the event that a final judgment is entered to the same effect, it is expected that the decision would be appealed. No guarantee can be made regarding the future outcome of the case or any subsequent appeals.



Governmental Accounting Standards Board Statement No. 68 (“GASB 68”) requires calculation of a net pension liability for the pension plan. The net pension liability is calculated as the difference between the pension plan’s total pension liability and the pension plan’s fiduciary net position. The pension plan’s total pension liability is the present value of the amounts needed to pay pension benefits earned by each participant in the pension plan based on the service provided as of the date of the actuarial valuation. In other words, it is a measure of the present value of benefits owed as of a particular date based on what has been earned only up to that date, without taking into account any benefits earned after that date. The pension plan’s fiduciary net position is the market value of plan assets formally set aside in a trust and restricted to paying pension plan benefits. If the pension plan’s total pension liability exceeds the pension plan’s fiduciary net position, then a net pension liability results. If the pension plan’s fiduciary net position exceeds the pension plan’s total pension liability, then a net pension asset results.

As of December 31, 2022, the total pension liability of the WRS was calculated as \$123.7 billion and the fiduciary net position of the WRS was calculated as \$118.4 billion, resulting in a net pension liability of \$5.3 billion. As of December 31, 2023, the total pension liability of the WRS was calculated as \$129.2 billion and the fiduciary net position of the WRS was calculated as \$127.7 billion, resulting in a net pension liability of \$1.5 billion. Accordingly, the District will continue to report a liability for its proportionate share of the net pension liability of the WRS in its audited financial statements for the fiscal year ended June 30, 2024.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer’s proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2023, the District reported a liability of \$4,563,151 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2022 based on the District’s share of contributions to the pension plan relative to the contributions of all participating employers. The District’s proportion was 0.08613451% of the aggregate WRS net pension liability as of December 31, 2022.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 2.E. in “Appendix B – Financial Statements and Supplementary Information for the Fiscal Year Ended June 30, 2023” attached hereto.

### **Other Post-Employment Benefits**

The District provides “other post-employment benefits” (“OPEB”) (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the District and have satisfied specified eligibility standards through a single-employer plan. Membership of the plan consisted of 33 retirees receiving benefits and 271 active eligible plan members as of June 30, 2021, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years and prepared in accordance with Statements No. 74 and 75 of the Governmental Accounting Standards Board (“GASB 74/75”). An actuarial study for the plan prepared in accordance with GASB 74/75 was most recently completed by Key Benefits Concepts LLC in August, 2022 with an actuarial valuation date of June 30, 2021. The District is in the process of having a new actuarial study prepared.

For Fiscal Year 2023, benefit payments for the plan totaled \$558,733. The District's current funding practice is to fully fund the cost of retiree benefits in a given year on a "pay-as-you-go" basis, with additional discretionary contributions to accumulate assets for payment of future benefits.

Under GASB 74/75, a net OPEB liability (or asset) is calculated as the difference between the plan's total OPEB liability and the plan's fiduciary net position, which terms have similar meanings as under GASB 68 for pension plans.

As of June 30, 2023, the total OPEB liability of the plan was \$4,225,576 and the plan fiduciary net position was \$2,887,169, resulting in a net OPEB liability of \$1,338,407.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information regarding such actuarial assumptions, see Note 2.F. in "Appendix B – Financial Statements and Supplementary Information for the Fiscal Year Ended June 30, 2023."

The District has also established a single-employer defined contribution plan for Health Retirement Account contributions for certain eligible teachers. The plan is closed to new entrants. The District has fully funded the benefits, which funds are held in a District sponsored account until fully vested. For more information, see Note 2.G. in "Appendix B – Financial Statements and Supplementary Information for the Fiscal Year Ended June 30, 2023" attached hereto.

## **GENERAL INFORMATION**

### **Location**

The District encompasses an area of approximately 166 square miles in Shawano County (the "County") and incorporates the entire City of Shawano (the "City") and the Town of Wescott (the "Town"). The District also serves portions of the towns of Belle Plaine, Herman, Navarino, Pella, Richmond, Washington and Waukechon. The City of Green Bay is located approximately 40 miles southeast; the City of Milwaukee is located approximately 154 miles south and the City of Madison is located approximately 152 miles southwest. The District is accessible via state highways 29, 55 and 22.

### **Education**

The District offers a comprehensive educational program for students in pre-kindergarten through twelfth grade. The District has two primary schools, one intermediate school, one middle school and one high school. The District offers a variety of extracurricular activities, from interscholastic athletics to academic clubs and organizations.

### **Post-Secondary Education**

Post-secondary education is available nearby at schools in the University of Wisconsin ("UW") System. This includes UW-Green Bay, which offers programs in undergraduate, graduate and professional levels in a wide range of fields. Northeast Wisconsin Technical College offers a variety of educational and training opportunities.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**Population**

|                     | <u>The District</u> | <u>The Town</u> | <u>The City</u> | <u>The County</u> |
|---------------------|---------------------|-----------------|-----------------|-------------------|
| 2010 Census.....    | 17,348              | 3,183           | 9,305           | 41,949            |
| Estimate, 2019..... | N/A                 | 3,194           | 9,164           | 41,775            |
| 2020 Census.....    | 17,217              | 3,257           | 9,243           | 40,881            |
| Estimate, 2021..... | N/A                 | 3,209           | 9,117           | 41,937            |
| Estimate, 2022..... | N/A                 | 3,265           | 9,515           | 41,190            |
| Estimate, 2023..... | N/A                 | 3,245           | 9,600           | 41,090            |
| Estimate, 2024..... | N/A                 | 3,249           | 9,586           | 41,109            |

Source: Wisconsin Department of Administration, Demographic Services Center

**Per Return Adjusted Gross Income**

| <u>Tax Year</u> | <u>The City</u> | <u>The Town</u> | <u>The County</u> | <u>The State</u> |
|-----------------|-----------------|-----------------|-------------------|------------------|
| 2019.....       | \$ 41,603       | \$ 53,583       | \$ 47,222         | \$ 61,003        |
| 2020.....       | 40,292          | 54,653          | 47,881            | 61,518           |
| 2021.....       | 44,377          | 62,467          | 52,165            | 66,369           |
| 2022.....       | 48,776          | 61,209          | 55,905            | 70,548           |
| 2023.....       | 49,919          | 65,667          | 59,990            | 73,001           |

Source: Wisconsin Department of Revenue

**Income & Housing**

The following data sets forth the comparative income and home value levels for the District, the City, the County, the State and the United States.

|                              | <u>The District</u> | <u>The City</u> | <u>The County</u> | <u>The State</u> | <u>United States</u> |
|------------------------------|---------------------|-----------------|-------------------|------------------|----------------------|
| Median Home Value.....       | \$160,600           | \$121,600       | \$166,900         | \$231,400        | \$281,900            |
| Median Household Income..... | 62,355              | 54,848          | 65,493            | 72,458           | 75,149               |
| Median Family Income.....    | 72,829              | 62,596          | 77,190            | 92,974           | 92,646               |
| Per Capita Income.....       | 35,666              | 30,935          | 34,825            | 40,130           | 41,261               |

Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-year Estimates

## Building Permits

New residential building permits for the City are listed below:

| Year                      | The City          |                   |
|---------------------------|-------------------|-------------------|
|                           | Number of Permits | Construction Cost |
| 2019.....                 | 3                 | \$ 816,800        |
| 2020.....                 | 11                | 2,459,200         |
| 2021.....                 | 11                | 3,196,000         |
| 2022.....                 | 10                | 2,931,000         |
| 2023.....                 | 8                 | 2,868,000         |
| 2024 <sup>(1)</sup> ..... | 11                | 4,046,500         |

(1) Through October, reported only.

Source: U.S. Census Bureau

## Unemployment Rate

|                                    | The County | The State |
|------------------------------------|------------|-----------|
| Average, 2019.....                 | 3.1%       | 3.2%      |
| Average, 2020.....                 | 6.5        | 6.4       |
| Average, 2021.....                 | 3.8        | 3.9       |
| Average, 2022.....                 | 2.9        | 2.9       |
| Average, 2023 <sup>(1)</sup> ..... | 3.0        | 3.0       |
| October 2023.....                  | 2.6        | 2.8       |
| October 2024 <sup>(1)</sup> .....  | 2.3        | 2.5       |

(1) Preliminary.

Source: State of Wisconsin Department of Workforce Development

## Larger Employers

The larger employers in the City are listed below:

| Company Name                 | Product or Service                | Approximate employees at location |
|------------------------------|-----------------------------------|-----------------------------------|
| The County.....              | Government.....                   | 403 <sup>(1)</sup>                |
| The District.....            | Education.....                    | 311                               |
| Aarrowcast Inc.....          | Manufacturer & foundry.....       | 300                               |
| Wood Port Doors.....         | Wood products manufacturer.....   | 275                               |
| Little Rapids.....           | Paper manufacturer.....           | 200                               |
| Walmart Supercenter.....     | Retail store.....                 | 187                               |
| Owens Flooring.....          | Floor materials.....              | 150                               |
| Shawano Paper Mill.....      | Specialty paper manufacturer..... | 140                               |
| Shawano Health Svc.....      | Skilled nursing home.....         | 116                               |
| Charlie's County Market..... | Grocery store.....                | 110                               |

(1) Full-time equivalent.

Source: The District, the County and Data Axle Genie.

## Largest Taxpayers

Reasonable efforts have been made to determine and report the largest taxpayers and to include all taxable property of those taxpayers listed. Many of the taxpayers listed, however, may own multiple parcels, and it is possible that some parcels and their valuations may not be included.

| Taxpayer   | Type of Property or Business       | 2023 Equalized Valuation |
|--|------------------------------------|--------------------------|
| Reinhart Foodservice LLC.....  | Food distributor and supplier..... | \$ 31,420,900            |
| ThedaCare Inc.....   | Healthcare system.....             | 17,497,000               |
| SCS Shawano Estates LLC.....   | Apartments.....                    | 13,953,300               |
| Flex II LLC.....   | Manufacturing.....                 | 9,775,100                |
| Wal-Mart.....  | Retail.....                        | 9,394,200                |
| Nature's Way Shawano LLC.....  | Apartments.....                    | 8,727,400                |
| Rogue Equities LLC; Dumke Holdings Shawano LLC...                    | Real estate investment.....        | 7,760,600                |
| Willow Glenn Associates.....   | Residential real estate.....       | 6,159,900                |
| Mountain Village LLC.....  | Park facilities.....               | 5,064,200                |
| Store Master Funding IX LLC.....                                     | Financial investments.....         | 4,223,500                |
|  | Total.....                         | <u>\$ 113,976,100</u>    |
| 2023 Equalized Valuation of the City (TID IN).....                   |                                    | \$ 767,814,400           |
| Percentage of 2023 Equalized Valuation of the City (TID IN).....     |                                    | 14.84%                   |
| 2023 Equalized Valuation of the District (TID IN).....               |                                    | \$ 2,161,892,751         |
| Percentage of 2023 Equalized Valuation of the District (TID IN)..... |                                    | 5.27%                    |

Source: The City and the Wisconsin Department of Revenue. 2024 information is not yet available.

**TAX LEVIES, RATES AND COLLECTIONS**

Personal property taxes, special assessments, special charges and special taxes must be paid to the town, city or village treasurer in full by January 31. Real property taxes may be paid in full by January 31 or in two equal installments payable by January 31 and July 31. Municipalities also have the option of adopting payment plans which allow taxpayers to pay their real property taxes and special assessments in three or more installments, provided that the first installment is paid by January 31, one-half of the taxes are paid by April 30 and the remainder is paid by July 31. Amounts paid on or before January 31 are paid to the town, city or village treasurer. Amounts paid after January 31 are paid to the county treasurer unless the municipality has authorized payment in three or more installments in which case payment is made to the town, city or village treasurer. Any amounts paid after July 31 are paid to the county treasurer. For municipalities which have not adopted an installment payment plan, the town, city or village treasurer settles with other taxing jurisdictions for collections through the preceding month on January 15 and February 20. For municipalities which have adopted an installment payment plan, the town, city or village treasurer settles with other taxing jurisdictions for collections through the preceding month on January 15, February 20 and the 15<sup>th</sup> day of each month following a month in which an installment payment is due. On or before August 20, the county treasurer must settle in full with the underlying taxing districts for all real property taxes and special taxes. The County Board may authorize its County Treasurer to also settle in full with the underlying taxing districts for all special assessments and special charges. The county may then recover any tax delinquencies by enforcing the lien on the property and retain any penalties or interest on the delinquencies for which it has settled. The personal property tax has been repealed, starting with the property tax assessments as of January 1, 2024. Beginning in 2025, the personal property tax has been replaced with a payment from the State intended to replace the amount of property taxes imposed on personal property for the property tax assessments as of January 1, 2023. Since, in practice, all delinquent real estate taxes are withheld from the county’s share of taxes; the District receives 100 percent of the real estate taxes it levies.

Set forth below are the taxes levied and the tax rate per \$1,000 of equalized valuation on all taxable property within the District as well as a history of collections in the last five levy years.

| Levy Year | Collection Year | School            | School District Levy | Uncollected Taxes         | Percent of Levy Collected |
|-----------|-----------------|-------------------|----------------------|---------------------------|---------------------------|
|           |                 | District Tax Rate |                      | as of August 20 Each Year |                           |
| 2020      | 2021            | 9.58              | \$ 13,978,586        | -                         | 100%                      |
| 2021      | 2022            | 9.56              | 14,684,071           | -                         | 100%                      |
| 2022      | 2023            | 6.86              | 12,375,941           | -                         | 100%                      |
| 2023      | 2024            | 6.66              | 13,725,981           | -                         | 100%                      |
| 2024      | 2025            | 6.24              | 13,725,690           | To be collected           |                           |

Source: Wisconsin Department of Public Instruction and the District

**PROPORTIONATE LEVY AMOUNTS**

| Municipality              | 2024 Equalized Valuation<br>(TID OUT) | Percent of Levy | Amount of<br>Levy |
|---------------------------|---------------------------------------|-----------------|-------------------|
| Town of Belle Plaine..... | \$ 197,631,195                        | 8.983152%       | \$ 1,233,000      |
| Town of Herman.....       | 19,600,198                            | 0.890910%       | 122,284           |
| Town of Navarino.....     | 3,431,183                             | 0.155961%       | 21,407            |
| Town of Pella.....        | 23,710,907                            | 1.077758%       | 147,930           |
| Town of Richmond.....     | 281,248,321                           | 12.783895%      | 1,754,678         |
| Town of Washington.....   | 157,723,930                           | 7.169202%       | 984,022           |
| Town of Waukechon.....    | 106,080,317                           | 4.821787%       | 661,824           |
| The Town.....             | 708,727,100                           | 32.214566%      | 4,421,671         |
| The City.....             | 701,867,500                           | 31.902769%      | 4,378,875         |
| Total.....                | \$ 2,200,020,651                      | 100.000000%     | \$ 13,725,690     |

Please note that totals may not equal 100.0% due to rounding.  
Source: Wisconsin Department of Revenue

**EQUALIZED VALUATIONS**

All equalized valuations of property in the State are determined by the State of Wisconsin, Department of Revenue and Supervisor of Assessments Office. Equalized valuations are the State’s estimate of full market value.

The State determines assessed valuations of all manufacturing property in the State. Assessed valuations of residential and commercial property are determined by local assessors.

Set forth in the table below are equalized valuations of property located within the District for the last five years.

| Year | Equalized Valuation<br>(TID IN) | Year-Over-<br>Year Change | Equalized Valuation<br>(TID OUT) | Year-Over-<br>Year Change |
|------|---------------------------------|---------------------------|----------------------------------|---------------------------|
| 2020 | \$ 1,502,187,231                | 4.07%                     | \$ 1,459,284,631                 | 2.99%                     |
| 2021 | 1,596,494,902                   | 6.28%                     | 1,535,285,802                    | 5.21%                     |
| 2022 | 1,897,311,943                   | 18.84%                    | 1,804,681,843                    | 17.55%                    |
| 2023 | 2,161,892,751                   | 13.95%                    | 2,059,446,751                    | 14.12%                    |
| 2024 | 2,300,525,751                   | 6.41%                     | 2,200,020,651                    | 6.83%                     |

Source: Wisconsin Department of Revenue

**TAX INCREMENTAL DISTRICTS**

The City has created Tax Incremental Districts (“TIDs”) under Section 66.1105 of the Wisconsin Statutes. TID valuations as shown below have been excluded from the District’s tax base for 2024.

| <u>The City</u> | <u>Creation</u> | <u>Base Value</u> | <u>2024 Value</u> | <u>Increment</u>      |
|-----------------|-----------------|-------------------|-------------------|-----------------------|
| TID #004        | 2000            | \$ 13,105,100     | \$ 22,800,000     | \$ 9,694,900          |
| TID #006        | 2014            | 34,897,300        | 46,564,500        | 11,667,200            |
| TID #007        | 2016            | 6,988,200         | 78,434,500        | 71,446,300            |
| TID #008        | 2018            | 215,900           | 7,912,600         | 7,696,700             |
| TID #009        | 2022            | 17,842,300        | 17,842,300        | (1) -                 |
| Total.....      |                 |                   |                   | <u>\$ 100,505,100</u> |

(1) TID has zero or negative increment value.  
Source: Wisconsin Department of Revenue

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**INDEBTEDNESS OF THE DISTRICT**

**Summary of Outstanding Debt**

Shown below is a summary of the outstanding general obligation debt of the District as of the closing of the Bonds.

| Issue Description                          | Dated Date | Original<br>Amount of<br>Issue | Amount<br>Outstanding  | Final<br>Maturity<br>Date |
|--|------------|--------------------------------|------------------------|---------------------------|
| GO Refunding Bonds, Series 2015.....       | 06/01/15   | \$ 8,890,000                   | \$ 1,595,000           | 03/01/25                  |
| GO School Building Bonds, Series 2016..... | 03/01/16   | 9,250,000                      | 2,750,000              | 03/01/27                  |
| The Bonds.....                             | 12/30/24   | 14,000,000 *                   | 14,000,000 *           | 03/01/44                  |
| Total.....                                 |            |                                | <u>\$ 18,345,000 *</u> |                           |

\*Preliminary, subject to change.

**Direct Long-Term Indebtedness**

Shown below is the maturity schedule for the long-term direct general obligation debt of the District as of the closing of the Bonds.

| Calendar<br>Year | Outstanding<br>General<br>Obligation<br>Debt | The Bonds*           | Total<br>Principal* | Cumulative<br>Amount* | Retirement<br>Percent* |
|------------------|--|----------------------|---------------------|-----------------------|------------------------|
| 2025             | \$ 2,565,000                                 | \$ 2,900,000         | \$ 5,465,000        | \$5,465,000           | 29.79%                 |
| 2026             | 990,000                                      | 180,000              | 1,170,000           | 6,635,000             | 36.17                  |
| 2027             | 790,000                                      | 350,000              | 1,140,000           | 7,775,000             | 42.38                  |
| 2028             | -  | 415,000              | 415,000             | 8,190,000             | 44.64                  |
| 2029             | -  | 435,000              | 435,000             | 8,625,000             | 47.02                  |
| 2030             | -  | 460,000              | 460,000             | 9,085,000             | 49.52                  |
| 2031             | -  | 480,000              | 480,000             | 9,565,000             | 52.14                  |
| 2032             | -  | 505,000              | 505,000             | 10,070,000            | 54.89                  |
| 2033             | -  | 530,000              | 530,000             | 10,600,000            | 57.78                  |
| 2034             | -  | 560,000              | 560,000             | 11,160,000            | 60.83                  |
| 2035             | -  | 590,000              | 590,000             | 11,750,000            | 64.05                  |
| 2036             | -  | 620,000              | 620,000             | 12,370,000            | 67.43                  |
| 2037             | -  | 645,000              | 645,000             | 13,015,000            | 70.95                  |
| 2038             | -  | 675,000              | 675,000             | 13,690,000            | 74.63                  |
| 2039             | -  | 700,000              | 700,000             | 14,390,000            | 78.44                  |
| 2040             | -  | 730,000              | 730,000             | 15,120,000            | 82.42                  |
| 2041             | -  | 760,000              | 760,000             | 15,880,000            | 86.56                  |
| 2042             | -  | 790,000              | 790,000             | 16,670,000            | 90.87                  |
| 2043             | -  | 820,000              | 820,000             | 17,490,000            | 95.34                  |
| 2044             | -  | 855,000              | 855,000             | 18,345,000            | 100.00                 |
|                  | <u>\$ 4,345,000</u>                          | <u>\$ 14,000,000</u> | <u>\$18,345,000</u> |                       |                        |

\*Preliminary, subject to change.

**Short Term Financings**

The District has borrowed in the past five years for short-term cash flow purposes as shown below.

| Amount       | Dated | Due           |
|--------------|-------|---------------|
| \$ 1,000,000 | N/A   | July 20, 2021 |

The District currently does not expect to borrow for short-term cash flow purposes for the remainder of this fiscal year or next fiscal year.

**Future Financing**

The District currently intends to issue the remaining Referendum-Approved Amount of additional long-term debt in equal amounts in 2025 and 2026, but the amounts and timing of such borrowings is subject to change.

**Default Record**

The District has no record of default in the payment of the principal or interest on its debt obligations.

**Overlapping Indebtedness**

Information relating to the outstanding overlapping indebtedness of the District is set forth in the table below:

| Name                                       | Amount of Debt<br>Outstanding (Net of<br>2024 Sinking Funds) | Percent<br>Allocable to the<br>District | Outstanding<br>Debt Allocable<br>to the District |
|--|--|---|--|
| Town of Navarino.....                      | \$ 157,017 <sup>(1)</sup>                                    | 5.36%                                   | 8,416  |
| City of Shawano.....                       | 18,727,000   | 100.00%                                 | 18,727,000                                       |
| Shawano County.....                        | 13,816,763   | 44.54%                                  | 6,153,986  |
| Fox Valley Technical College.....          | 78,610,000   | 0.28%                                   | 220,108  |
| Northeast Wisconsin Technical College..... | 93,585,000   | 3.18%                                   | 2,976,003  |
| Total.....                                 |  |   | <u>\$ 28,085,513</u>                             |

(1) Through December 31, 2022.

Note: This summary may not reflect all of the District’s outstanding and underlying indebtedness. Responses from certain entities were not received at the time of printing this Official Statement. Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

Source: Wisconsin Department of Revenue, information provided by each municipal entity through publicly available disclosure documents available on EMMA, the Wisconsin Department of Public Instruction and direct inquiries.

**Debt Statement**

(As of the Closing of the Bonds)

|  |                 |
|--|-----------------|
| Existing General Obligation Debt.....                    | \$4,345,000     |
| The Bonds.....   | \$14,000,000 *  |
| Total General Obligation Debt.....                       | \$18,345,000 *  |
| Overlapping Debt.....                                    | \$28,085,513    |
| General Obligation Debt and Overlapping Debt.....        | \$46,430,513 *  |
| 2024 Equalized Valuation (TID IN).....                   | \$2,300,525,751 |
| Statutory Debt Limit (10.0% of Equalized Valuation)..... | \$230,052,575   |
| Statutory Debt Margin.....                               | \$211,707,575 * |

\*Preliminary, subject to change.

**Debt Ratios**

(As of the Closing of the Bonds)

|   |                 |
|---|-----------------|
| 2024 Equalized Valuation (TID IN).....  | \$2,300,525,751 |
| 2022 Population Estimate.....   | 17,219          |
| General Obligation Debt to Equalized Valuation (TID IN).....                      | 0.80% *         |
| General Obligation Debt and Overlapping Debt to Equalized Valuation (TID IN)..... | 2.02% *         |
| General Obligation Debt Per Capita.....   | \$1,065.39 *    |
| General Obligation Debt and Overlapping Debt Per Capita.....                      | \$2,696.47 *    |

\*Preliminary, subject to change.

**FINANCIAL INFORMATION**

The financial operations of the District are conducted primarily through a series of state mandated funds. All revenues except those attributable to the building funds and other funds authorized by State law are accounted for in the general fund, and any lawful expenditure of the District must be made from the appropriate fund and recorded therein.

As in other areas of the United States, the financing of public education in the State is subject to changing legislation, variations in public opinion, examination of financing methods through litigation and other matters. For these reasons the District cannot anticipate with certainty all of the factors which may influence the financing of its future activities.

**Budgeting Process**

The District is required by State law to annually formulate a budget and to hold a public hearing thereon prior to the determination of the amounts to be financed in whole or in part by general property taxes, funds on hand or estimated revenues from other sources. Such budget must list existing indebtedness of the District and all anticipated revenue from all sources during the ensuing year and must also list all proposed appropriations for each department, activity and reserve account of the District during the ensuing year.

As part of the budgeting process, budget requests are submitted during the last half of the fiscal year by the teachers and departmental administrators of each school to their respective principals, who thereafter review and revise such requests and submit them, with their recommendations, to the District Administrator of the District. After review and adjustment by the administrative staff of the District, the

proposed budget is presented to the full Board, at which time the proposed budget is reviewed with the District’s administrative staff. After further review and adjustment, the proposed budget is again submitted to the full Board each year. The proposed budget is formally adopted by the Board after a public hearing preceded by at least 10 days prior notice which describes the time and place of the hearing, a summary of the proposed budget, and how to obtain the budget in detail for inspection.

**General Fund Summary**  
(For Years Ending June 30)

The figures below reflect the District’s adoption of Statement No. 54 of the Governmental Accounting Standards Board, which includes what was previously separately identified as the special education fund within the general fund.

|                              | <u>2020</u>         | <u>2021</u>         | <u>2022</u>         | <u>2023</u>          | <u>Unaudited 2024</u> |
|------------------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|
| Receipts.....                | \$ 32,522,890       | \$ 33,496,675       | \$ 34,517,118       | \$ 34,263,799        | \$ 36,674,124         |
| Disbursements.....           | <u>30,123,151</u>   | <u>33,761,237</u>   | <u>35,729,833</u>   | <u>31,888,184</u>    | <u>34,667,157</u>     |
| Net Surplus (Deficit).....   | 2,399,739           | (264,562)           | (1,212,715)         | 2,375,615            | 2,006,967             |
| Other Financing Sources..... | (543,806)           | 662                 | 1,538,280           | -                    | (1,200,000)           |
| Beginning Fund Balance.....  | <u>7,559,422</u>    | <u>9,415,355</u>    | <u>9,151,455</u>    | <u>9,477,020</u>     | <u>11,852,635</u>     |
| Ending Fund Balance.....     | <u>\$ 9,415,355</u> | <u>\$ 9,151,455</u> | <u>\$ 9,477,020</u> | <u>\$ 11,852,635</u> | <u>\$ 12,659,602</u>  |

Source: Compiled from the District’s Financial Statements and Supplementary Information for fiscal years ended June 30, 2020-2023 and preliminary, unaudited June 30, 2024 figures provided by the District.

**Financial Statements**

A copy of the District’s Financial Statements and Supplementary Information for the Fiscal Year Ended June 30, 2023 is included as Appendix B to this Official Statement. Potential purchasers should read Appendix B in its entirety for more complete information concerning the District’s financial position.

The Financial Statements and Supplementary Information contained in this Official Statement as Appendix B, including the independent auditor’s report accompanying such financial statements, have been audited by CliftonLarsonAllen LLP, Green Bay, Wisconsin (the “Auditor”) to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessment, procedures or evaluation with respect to such financial statements since the date thereof or relating to this Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District will represent and warrant there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading.

**Budget Summary**

| <u>Fund</u>                    | <u>Estimated</u>     |                      | <u>Projected</u>     |                      |
|--------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                | <u>Fund Balances</u> | <u>Estimated</u>     | <u>Estimated</u>     | <u>Fund Balances</u> |
|                                | <u>June 30, 2024</u> | <u>Revenue</u>       | <u>Expenditures</u>  | <u>June 30, 2025</u> |
| General Fund.....              | \$ 12,733,850        | \$ 34,218,275        | \$ 34,769,408        | \$ 12,182,717        |
| Special Projects Fund.....     | 662,752              | 6,021,143            | 6,027,138            | 656,757              |
| Debt Service Fund.....         | 2,733,104            | 3,584,776            | 5,588,408            | 729,472              |
| Capital Projects Fund.....     | 2,953,817            | 103,384              | 355,800              | 2,701,401            |
| Food Service Fund.....         | 327,177              | 1,692,773            | 1,823,052            | 196,898              |
| Community Service Fund.....    | 428,177              | 446,800              | 545,842              | 329,135              |
| Total Governmental Funds ..... | <u>\$ 19,838,878</u> | <u>\$ 46,067,151</u> | <u>\$ 49,109,648</u> | <u>\$ 16,796,381</u> |

Source: The District

**TAX EXEMPTION**

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax exemption applicable to the interest on the Bonds under existing law substantially in the following form:

“The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the “Code”) on individuals; however, interest on the Bonds is taken into account in determining “adjusted financial statement income” for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The District has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the District comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.”

The interest on the Bonds is not exempt from present Wisconsin income or franchise taxes.

Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their tax advisors as to collateral federal income tax consequences.

From time to time legislation is proposed, and there are or may be legislative proposals pending in the Congress of the United States that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether, or in what form, any proposal that could alter one or more of the federal tax matters referred to above or adversely affect the market value of the Bonds may be enacted. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

## **ORIGINAL ISSUE DISCOUNT AND BOND PREMIUM**

### **Original Issue Discount**

To the extent that the initial public offering price of certain of the Bonds is less than the principal amount payable at maturity, such Bonds (“Discounted Bonds”) will be considered to be issued with original issue discount. The original issue discount is the excess of the stated redemption price at maturity of a Discounted Bond over the initial offering price to the public, excluding underwriters or other intermediaries, at which price a substantial amount of such Discounted Bonds were sold (issue price). With respect to a taxpayer who purchases a Discounted Bond in the initial public offering at the issue price and who holds such Discounted Bond to maturity, the full amount of original issue discount will constitute interest that is not includible in the gross income of the owner of such Discounted Bond for federal income tax purposes and such owner will not, subject to the caveats and provisions herein described, realize taxable capital gain upon payment of such Discounted Bond upon maturity.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discounted Bond, on days that are determined by reference to the maturity date of such Discounted Bond. The amount treated as original issue discount on a Discounted Bond for a particular semiannual accrual period is generally equal to (a) the product of (i) the yield to maturity for such Discounted Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discounted Bond at the beginning of the particular accrual period if held by the original purchaser; and less (b) the amount of any interest payable for such Discounted Bond during the accrual period. The tax basis is determined by adding to the initial public offering price on such Discounted Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If a Discounted Bond is sold or exchanged between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

For federal income tax purposes, the amount of original issue discount that is treated as having accrued with respect to such Discounted Bond is added to the cost basis of the owner in determining gain or loss upon disposition of a Discounted Bond (including its sale, exchange, redemption, or payment at maturity). Amounts received upon disposition of a Discounted Bond that are attributable to accrued original issue discount will be treated as tax-exempt interest, rather than as taxable gain.

The accrual or receipt of original issue discount on the Discounted Bonds may result in certain collateral federal income tax consequences for the owners of such Discounted Bonds. The extent of these collateral tax consequences will depend upon the owner’s particular tax status and other items of income or deduction.

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

## **Bond Premium**

To the extent that the initial offering price of certain of the Bonds is more than the principal amount payable at maturity, such Bonds (“Premium Bonds”) will be considered to have bond premium.

Any Premium Bond purchased in the initial offering at the issue price will have “amortizable bond premium” within the meaning of Section 171 of the Code. The amortizable bond premium of each Premium Bond is calculated on a daily basis from the issue date of such Premium Bond until its stated maturity date (or call date, if any) on the basis of a constant interest rate compounded at each accrual period (with straight line interpolation between the compounding dates). An owner of a Premium Bond that has amortizable bond premium is not allowed any deduction for the amortizable bond premium; rather the amortizable bond premium attributable to a taxable year is applied against (and operates to reduce) the amount of tax-exempt interest payments on the Premium Bonds. During each taxable year, such an owner must reduce his or her tax basis in such Premium Bond by the amount of the amortizable bond premium that is allocable to the portion of such taxable year during which the holder held such Premium Bond. The adjusted tax basis in a Premium Bond will be used to determine taxable gain or loss upon a disposition (including the sale, exchange, redemption, or payment at maturity) of such Premium Bond.

Owners of Premium Bonds who did not purchase such Premium Bonds in the initial offering at the issue price should consult their own tax advisors with respect to the tax consequences of owning such Premium Bonds. Owners of Premium Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Premium Bonds.

## **LITIGATION**

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof.

## **RATING**

Moody’s Investors Service, Inc. (“Moody’s”) has assigned its municipal bond rating of “Aa3” to the Bonds. This rating reflects only the view of Moody’s and any explanation of the significance of such rating may only be obtained from Moody’s. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to Moody’s by the District. There is no assurance that the rating will be maintained for any given period of time or that it may not be changed by Moody’s, if, in its judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except as may be required by the Undertaking described below under the heading “CONTINUING DISCLOSURE,” neither the District nor the Underwriter undertake responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

## **REVENUE LIMITS ON WISCONSIN SCHOOL DISTRICTS**

The Wisconsin Statutes impose revenue limits on Wisconsin school districts, including the District. The Wisconsin Statutes generally have allowed for some annual per pupil increases without voter approval in certain, but not all years. For example, the Wisconsin Statutes provided for increases of average revenue per pupil by \$175 per pupil in the 2019-20 school year and \$179 per pupil in the 2020-21 school year without the need for voter approval; however, for the 2015-16 through 2018-19 school years and the 2021-22 and 2022-23 school years, school districts were prohibited from increasing their revenue limit without voter approval. The current Wisconsin Statutes provide for an increase of average revenue per pupil by \$325 per pupil for the 2023-24 and 2024-25 school years without the need for voter approval, which amount is continued under the current Wisconsin Statutes until the year 2425. These provisions of the Wisconsin Statutes may change in the future.

The revenue limit is increased by funds needed for payment of debt service on general obligation debt authorized before the effective date of the revenue limit statutes (August 12, 1993) (the “Effective Date”) and debt service on obligations issued to refund such debt. Debt authorized after the Effective Date is exempt from the revenue limits if approved at a referendum, as is debt service on obligations issued to refund such debt.

The Bonds were approved at referendum. Accordingly, the payment of debt service on the Bonds is not subject to the revenue limits.

## **MUNICIPAL BANKRUPTCY**

Municipalities (including school districts such as the District) are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the “Bankruptcy Code”). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be “specifically authorized” under State law to file for relief under Chapter 9. For these purposes, “State law” may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State’s executive branch.

As of the date hereof, Wisconsin law contains no express authority for municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code.

Nevertheless, there can be no assurance (a) that State law will not change in the future, while the Bonds are outstanding, in a way that would allow the District to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code; or (b) even absent such a change in State law, that an executive order or other executive action could not effectively authorize the District to file for relief under Chapter 9. If, in the future, the District were to file a bankruptcy case under Chapter 9, the relevant bankruptcy court would need to consider whether the District could properly do so, which would involve questions regarding State law authority as well as other questions such as whether the District is a municipality for bankruptcy purposes. If the relevant bankruptcy court concluded that the District could properly file a bankruptcy case, and that determination was not reversed, vacated, or otherwise substantially altered on appeal, then the rights of holders of the Bonds could be modified in bankruptcy proceedings. Such modifications could be adverse to holders of the Bonds, and there could ultimately be no assurance that holders of the Bonds would be paid in full or in part on the Bonds. Further, under such circumstances, there could be no assurance that the Bonds would not be treated as general, unsecured debt by a bankruptcy court, meaning that claims of holders of the Bonds could be viewed as having no priority (a) over claims of



other creditors of the District; (b) to any particular assets of the District, or (c) to revenues otherwise designated for payment to holders of the Bonds.

Moreover, if the District were determined not to be a “municipality” for the purposes of the Bankruptcy Code, no representations can be made regarding whether it would still be eligible for voluntary or involuntary relief under Chapters of the Bankruptcy Code other than Chapter 9 or under similar federal or state law or equitable proceeding regarding insolvency or providing for protection from creditors. In any such case, there can be no assurance that the consequences described above for the holders of the Bonds would not occur.

### **CONTINUING DISCLOSURE**

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Commission, pursuant to the 1934 Act (the “Rule”), the District shall covenant pursuant to the Award Resolution adopted by the Board to enter into an undertaking (the “Undertaking”) for the benefit of holders including beneficial holders of the Bonds to provide certain financial information and operating data relating to the District annually to the Municipal Securities Rulemaking Board (the “MSRB”), and to provide notices of the occurrence of certain events enumerated in the Rule electronically or in the manner otherwise prescribed by the MSRB to the MSRB. The details and terms of the Undertaking, as well as the information to be contained in the annual report or the notices of reportable events, are set forth in the Continuing Disclosure Certificate to be executed and delivered by the District at the time the Bonds are delivered. Such Certificate will be in substantially the form attached hereto as Appendix C.

The District has not failed to comply in the previous five years in all material respects with any previous undertaking under the Rule. The Undertaking includes two new reportable events effective February 27, 2019 under the Rule. The District has reviewed its continuing disclosure responsibilities, including the two new reportable events, in order to help ensure compliance in the future. The District has retained PMA Securities, LLC, Milwaukee, Wisconsin, to act as the District’s Dissemination Agent for its continuing disclosure filings. A failure by the District to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have the right to obtain specific performance of the obligations under the Undertaking). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The District will file its continuing disclosure information using the MSRB’s Electronic Municipal Market Access (“EMMA”) system. Investors will be able to access continuing disclosure information filed with MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

### **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin (“Quarles & Brady”), Bond Counsel to the District. In its capacity as Bond Counsel, Quarles & Brady has supplied the information herein under the heading “TAX EXEMPTION” and has provided the form of Bond Counsel opinion included herein as Appendix A.

Quarles & Brady has also been retained by the District to serve as Disclosure Counsel to the District with respect to the Bonds. Although, as Disclosure Counsel to the District, Quarles & Brady has assisted the District with certain disclosure matters, Quarles & Brady has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other

offering material relating to the Bonds and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady makes no representation as to the suitability of the Bonds for any investor.

### **UNDERWRITING**

The Bonds were offered for sale by the District at a public, competitive sale on December 9, 2024. The best bid submitted at the sale was submitted by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the “Underwriter”). The District awarded the contract for sale of the Bonds to the Underwriter at a price of \$\_\_\_\_\_. The Underwriter has represented to the District that the Bonds have been subsequently reoffered to the public at the approximate initial offering yields as set forth on the inside cover hereto. The Underwriter may offer and sell the Bonds to certain dealers and others at yields different than the offering yields stated on the inside cover hereto. The offering yields may be changed from time to time by the Underwriter. Based on the initial offering yields set forth on the inside cover, the aggregate underwriting fee equals \$\_\_\_\_\_. The Underwriter will pay certain costs of issuance for the Bonds from its underwriting fee.

### **MUNICIPAL ADVISOR**

PMA Securities, LLC of Milwaukee, Wisconsin, has been retained as municipal advisor (the “Municipal Advisor” or “PMA”) in connection with the issuance of the Bonds. In preparing this Official Statement, the Municipal Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Municipal Advisor’s knowledge, the information contained in this Official Statement is true and accurate. However, the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

PMA is a broker-dealer and municipal advisor registered with the Commission and the MSRB and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In these roles, PMA generally provides fixed income brokerage services and public finance services to municipal entity clients, including municipal advisory services and advice with respect to the investment of proceeds of municipal securities. PMA is affiliated with PMA Financial Network, LLC, a financial services provider, and PMA Asset Management, LLC, an investment adviser registered with the Commission. These entities operate under common ownership with PMA and are collectively referred to in this disclosure as the “Affiliates.” Each of these Affiliates also provides services to municipal entity clients and PMA and Affiliates market the services of the other Affiliates. Unless otherwise stated, separate fees are charged for each of these products and services and referrals to its Affiliates result in an increase in revenue to the overall Affiliated companies.

The Municipal Advisor’s duties, responsibilities, and fees in connection with this issuance arise solely from the services for which it is engaged to perform as municipal advisor on the Bonds and also from the investment of Bond proceeds. PMA’s compensation for serving as municipal advisor on the Bonds is conditional on the final amount and successful closing of the Bonds. PMA receives additional fees for the services used by the District, if any, described in the paragraph above. The fees for these services arise from separate agreements with the District and with institutions of which the District may be a member.

**THE OFFICIAL STATEMENT**

This Official Statement includes the cover page, reverse thereof and the Appendices hereto.

All references to material not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provision thereof, copies of which will be furnished upon request to the District.

**Accuracy and Completeness of the Official Statement**

The District has approved this Official Statement for distribution to the Underwriter of the Bonds.

The District's officials will provide at the time of delivery of the Bonds, a certificate confirming that, to the best of their knowledge and belief, the Preliminary Official Statement and Official Statement, with respect to the Bonds, at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain an untrue statement of a material fact or omit to state a material fact required to be stated, where necessary to make the statements, in light of the circumstances under which they were made, not misleading.

/s/ \_\_\_\_\_  
Director of Finance, Business & Operations  
Shawano School District  
Shawano County, Wisconsin

December \_\_, 2024

**Form of Legal Opinion of Bond Counsel**

Quarles & Brady LLP  
411 East Wisconsin Avenue  
Milwaukee, WI 53202

December 30, 2024

Re: Shawano School District, Wisconsin ("Issuer")  
\$14,000,000 General Obligation School Facility Improvement Bonds, Series  
2024, dated December 30, 2024 ("Bonds")

We have acted as bond counsel to the Issuer in connection with the issuance of the Bonds. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

The Bonds are numbered from R-1 and upward; bear interest at the rates set forth below; and mature on March 1 of each year, in the years and principal amounts as follows:

| <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-------------|-------------------------|----------------------|
| 2025        | \$2,900,000             | ___%                 |
| 2026        | 180,000                 | ___                  |
| 2027        | 350,000                 | ___                  |
| 2028        | 415,000                 | ___                  |
| 2029        | 435,000                 | ___                  |
| 2030        | 460,000                 | ___                  |
| 2031        | 480,000                 | ___                  |
| 2032        | 505,000                 | ___                  |
| 2033        | 530,000                 | ___                  |
| 2034        | 560,000                 | ___                  |
| 2035        | 590,000                 | ___                  |
| 2036        | 620,000                 | ___                  |
| 2037        | 645,000                 | ___                  |
| 2038        | 675,000                 | ___                  |
| 2039        | 700,000                 | ___                  |
| 2040        | 730,000                 | ___                  |
| 2041        | 760,000                 | ___                  |
| 2042        | 790,000                 | ___                  |
| 2043        | 820,000                 | ___                  |
| 2044        | 855,000                 | ___                  |

Interest is payable semi-annually on March 1 and September 1 of each year commencing on March 1, 2025.

The Bonds maturing on March 1, 2034 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on March 1, 2033 or on any date thereafter. Said Bonds are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity by lot, in integral multiples of \$5,000, at the principal amount thereof, plus accrued interest to the date of redemption.

[The Bonds maturing in the years \_\_\_\_\_ are subject to mandatory redemption by lot as provided in the Bonds, at the redemption price of par plus accrued interest to the date of redemption and without premium.]

We further certify that we have examined a sample of the Bonds and find the same to be in proper form.

Based upon and subject to the foregoing, it is our opinion under existing law that:

1. The Bonds have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.
2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Bonds, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Bonds.
3. The interest on the Bonds is excludable for federal income tax purposes from the gross income of the owners of the Bonds. The interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") on individuals; however, interest on the Bonds is taken into account in determining "adjusted financial statement income" for purposes of computing the federal alternative minimum tax imposed on Applicable Corporations (as defined in Section 59(k) of the Code). The Code contains requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be or continue to be excludable from gross income for federal income tax purposes. Failure to comply with certain of those requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The Issuer has agreed to comply with all of those requirements. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer comply with those requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

We express no opinion regarding the accuracy, adequacy, or completeness of the Official Statement or any other offering material relating to the Bonds. Further, we express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights

and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

QUARLES & BRADY LLP

**Financial Statements and Supplementary Information for the Fiscal Year Ended June 30, 2023**

The Financial Statements and Supplementary Information for the Fiscal Year Ended June 30, 2023 of the District contained in this Official Statement as Appendix B, including the independent auditor's report accompanying such financial statements, have been audited by CliftonLarsonAllen LLP, Green Bay, Wisconsin (the "Auditor"), to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessment, procedures or evaluation with respect to such financial statements since the date thereof or relating to this Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Bonds, the District will represent and warrant there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading. For specific questions or inquiries relating to the financial information of the District since the date of the audited financial statements, please contact Bryan Kadlec, Director of Finance, Business & Operations of the District.



**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://www.CLAconnect.com)

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2023**

|  |           |
|--|-----------|
| <b>INDEPENDENT AUDITORS' REPORT</b>  | <b>1</b>  |
| <b>BASIC FINANCIAL STATEMENTS</b>  |           |
| <b>DISTRICT-WIDE FINANCIAL STATEMENTS</b>  |           |
| STATEMENT OF NET POSITION  | 6         |
| STATEMENT OF ACTIVITIES  | 7         |
| <b>FUND FINANCIAL STATEMENTS</b>   |           |
| BALANCE SHEET – GOVERNMENTAL FUNDS   | 8         |
| STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND<br>BALANCES – GOVERNMENTAL FUNDS  | 10        |
| STATEMENT OF NET POSITION – FIDUCIARY FUNDS  | 12        |
| STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS   | 13        |
| NOTES TO BASIC FINANCIAL STATEMENTS  | 14        |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>  |           |
| <b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND<br/>    BALANCE – BUDGET TO ACTUAL – GENERAL FUND – BUDGETARY<br/>    BASIS</b>                           | <b>44</b> |
| <b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND<br/>    BALANCE – BUDGET TO ACTUAL – SPECIAL EDUCATION SPECIAL<br/>    REVENUE FUND – BUDGETARY BASIS</b> | <b>45</b> |
| <b>SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED<br/>    RATIOS</b>  | <b>46</b> |
| <b>SCHEDULE OF EMPLOYER CONTRIBUTIONS – OTHER<br/>    POSTEMPLOYMENT BENEFIT PLAN</b>  | <b>47</b> |
| <b>SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY<br/>    (ASSET) – WISCONSIN RETIREMENT SYSTEM</b>  | <b>48</b> |
| <b>SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM</b>   | <b>48</b> |
| <b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>   | <b>49</b> |

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2023**

**SUPPLEMENTARY INFORMATION**

|  |           |
|--|-----------|
| <b>COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS</b>   | <b>54</b> |
| <b>COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND<br/>CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL<br/>FUNDS</b> | <b>55</b> |
| <b>SCHEDULE OF CHARTER SCHOOL AUTHORIZER SERVICES AND<br/>COSTS</b>  | <b>56</b> |

**ADDITIONAL INDEPENDENT AUDITOR’S REPORT FOR BASIC FINANCIAL  
STATEMENTS**

|  |           |
|--|-----------|
| <b>INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER<br/>FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER<br/>MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS<br/>PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING<br/>STANDARDS</i></b> | <b>58</b> |
|--|-----------|

**FEDERAL AND STATE AWARDS**

|  |           |
|--|-----------|
| <b>INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH<br/>MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL<br/>CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM<br/>GUIDANCE AND THE <i>STATE SINGLE AUDIT GUIDELINES</i></b> | <b>61</b> |
| <b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>  | <b>65</b> |
| <b>SCHEDULE OF EXPENDITURES OF STATE AWARDS</b>  | <b>67</b> |
| <b>NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE<br/>AWARDS</b>  | <b>68</b> |
| <b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>   | <b>69</b> |



## INDEPENDENT AUDITORS' REPORT

Board of Education  
Shawano School District  
Shawano, Wisconsin

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Shawano School District, Shawano, Wisconsin (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

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

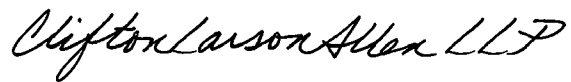
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
December 7, 2023

## BASIC FINANCIAL STATEMENTS



**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>ASSETS</b>                           |                            |
| Cash and Investments                    | \$ 17,171,278              |
| Receivables:                            |                            |
| Taxes                                   | 2,832,809                  |
| Accounts                                | 180,016                    |
| Due from Other Governments              | 964,948                    |
| Inventories and Prepaid Items           | 341,640                    |
| Assets Held for Resale                  | 2,120                      |
| Capital Assets:                         |                            |
| Nondepreciable/Amortizable              | 784,500                    |
| Depreciable/Amortizable, Net            | 47,308,098                 |
| Total Assets                            | 69,585,409                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |                            |
| Loss on Advance Refunding               | 170,346                    |
| Pension Related Amounts                 | 16,569,850                 |
| Other Postemployment Related Amounts    | 1,401,105                  |
| Total Deferred Outflows of Resources    | 18,141,301                 |
| <b>LIABILITIES</b>                      |                            |
| Accounts Payable                        | 663,804                    |
| Accrued and Other Current Liabilities   | 2,705,254                  |
| Accrued Interest Payable                | 54,940                     |
| Due to Other Governments                | 63,824                     |
| Unearned Revenues                       | 34,877                     |
| Long-Term Obligations:                  |                            |
| Due in One Year                         | 3,117,619                  |
| Due in More than One Year               | 5,528,474                  |
| Other Postemployment Benefits Liability | 1,338,407                  |
| Pension Liability                       | 4,563,151                  |
| Total Liabilities                       | 18,070,350                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>    |                            |
| Pension Related Amounts                 | 9,564,755                  |
| Other Postemployment Related Amounts    | 1,078,530                  |
| Total Deferred Inflows of Resources     | 10,643,285                 |
| <b>NET POSITION</b>                     |                            |
| Net Investment in Capital Assets        | 40,160,374                 |
| Restricted                              |                            |
| Capital Improvements                    | 2,018,849                  |
| Common School Funds                     | 10,354                     |
| Community Service                       | 465,861                    |
| Debt Service                            | 2,554,001                  |
| Donations                               | 642,983                    |
| Food Service                            | 435,783                    |
| Get Kids Ahead Funds                    | 40,233                     |
| Unrestricted                            | 12,684,637                 |
| Total Net Position                      | \$ 59,013,075              |

See accompanying Notes to Basic Financial Statements.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

| Functions/Programs             | Expenses             | Program Revenues        |  | Revenue and<br>Changes in<br>Net Position |
|--------------------------------|----------------------|-------------------------|--|---|
|                                |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                |
| <b>GOVERNMENTAL ACTIVITIES</b> |                      |                         |  |   |
| Instruction                    | \$ 16,633,541        | \$ 2,792,678            | \$ 3,820,713                             | \$ (10,020,150)                           |
| Support Services               | 14,094,978           | 791,333                 | 2,781,872                                | (10,521,773)                              |
| Community Services             | 126,549              | 39,153                  | -  | (87,396)                                  |
| Nonprogram                     | 4,300,071            | -                       | 53,137                                   | (4,246,934)                               |
| Interest and Fiscal Charges    | 335,926              | -                       | -  | (335,926)                                 |
| Depreciation - Unallocated     | 2,227,111            | -                       | -  | (2,227,111)                               |
| Total Governmental Activities  | <u>\$ 37,718,176</u> | <u>\$ 3,623,164</u>     | <u>\$ 6,655,722</u>                      | (27,439,290)                              |
| General Revenues:              |                      |                         |  |   |
|                                |                      |                         |  | 12,355,941                                |
|                                |                      |                         |  | 35,726                                    |
|                                |                      |                         |  | 19,231,781                                |
|                                |                      |                         |  | 207,732                                   |
|                                |                      |                         |  | 162,223                                   |
|                                |                      |                         |  | <u>31,993,403</u>                         |
|                                |                      |                         |  | 4,554,113                                 |
|                                |                      |                         |  | <u>54,458,962</u>                         |
|                                |                      |                         |  | <u>\$ 59,013,075</u>                      |

See accompanying Notes to Basic Financial Statements.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2023**

|  | General              | Referendum<br>Debt Service | Other<br>Governmental<br>Funds | Total                |
|--|----------------------|----------------------------|--------------------------------|----------------------|
| <b>ASSETS</b>                            |                      |                            |                                |                      |
| Cash and Investments                     | \$ 10,935,888        | \$ 2,608,941               | \$ 3,626,449                   | \$ 17,171,278        |
| Receivables:                             |                      |                            |                                |                      |
| Taxes                                    | 2,832,809            | -                          | -                              | 2,832,809            |
| Accounts                                 | 178,555              | -                          | 1,461                          | 180,016              |
| Due from Other Funds                     | 50,961               | -                          | -                              | 50,961               |
| Due from Other Governments               | 829,007              | -                          | 135,941                        | 964,948              |
| Inventories and Prepaid Items            | 338,556              | -                          | 3,084                          | 341,640              |
| Assets Held for Resale                   | 2,120                | -                          | -                              | 2,120                |
|  | <u>15,167,896</u>    | <u>2,608,941</u>           | <u>3,766,935</u>               | <u>21,543,772</u>    |
| Total Assets                             | <u>\$ 15,167,896</u> | <u>\$ 2,608,941</u>        | <u>\$ 3,766,935</u>            | <u>\$ 21,543,772</u> |
| <b>LIABILITIES AND FUND BALANCES</b>     |                      |                            |                                |                      |
| Liabilities:                             |                      |                            |                                |                      |
| Accounts Payable                         | \$ 531,937           | \$ -                       | \$ 131,867                     | \$ 663,804           |
| Accrued and Other Current<br>Liabilities | 2,702,166            | -                          | 3,088                          | 2,705,254            |
| Due to Other Funds                       | -                    | -                          | 50,961                         | 50,961               |
| Due to Other Governments                 | 63,824               | -                          | -                              | 63,824               |
| Unearned Revenues                        | 17,334               | -                          | 17,543                         | 34,877               |
| Total Liabilities                        | <u>3,315,261</u>     | <u>-</u>                   | <u>203,459</u>                 | <u>3,518,720</u>     |
| Fund Balances:                           |                      |                            |                                |                      |
| Nonspendable                             | 338,556              | -                          | 3,084                          | 341,640              |
| Restricted                               | 50,587               | 2,608,941                  | 3,560,392                      | 6,219,920            |
| Assigned                                 | 500,000              | -                          | -                              | 500,000              |
| Unassigned                               | 10,963,492           | -                          | -                              | 10,963,492           |
| Total Fund Balances                      | <u>11,852,635</u>    | <u>2,608,941</u>           | <u>3,563,476</u>               | <u>18,025,052</u>    |
|  | <u>15,167,896</u>    | <u>2,608,941</u>           | <u>3,766,935</u>               | <u>21,543,772</u>    |
| Total Liabilities and Fund<br>Balances   | <u>\$ 15,167,896</u> | <u>\$ 2,608,941</u>        | <u>\$ 3,766,935</u>            | <u>\$ 21,543,772</u> |

See accompanying Notes to Basic Financial Statements.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
BALANCE SHEET – GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2023**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balances as Shown on Previous Page \$ 18,025,052

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds. 48,092,598

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

|  |             |
|--|-------------|
| Loss on Advance Refunding                                  | 170,346     |
| Deferred Outflows Related to Pensions                      | 16,569,850  |
| Deferred Inflows Related to Pensions                       | (9,564,755) |
| Deferred Outflows Related to Other Postemployment Benefits | 1,401,105   |
| Deferred Inflows Related to Other Postemployment Benefits  | (1,078,530) |

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:

|   |             |
|---|-------------|
| Bonds and Notes Payable                     | (6,820,000) |
| Premium on Debt                             | (168,976)   |
| Lease Liabilities                           | (1,113,594) |
| Compensated Absences                        | (543,523)   |
| Net Other Postemployment Benefits Liability | (1,338,407) |
| Net Pension Liability                       | (4,563,151) |
| Accrued Interest on Long-Term Obligations   | (54,940)    |
|   | (6,820,000) |

Net Position of Governmental Activities as Reported on the Statement of Net Position \$ 59,013,075

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

|                                    | General              | Referendum<br>Debt Service | Other<br>Governmental<br>Funds | Total                |
|------------------------------------|----------------------|----------------------------|--------------------------------|----------------------|
| <b>REVENUES</b>                    |                      |                            |                                |                      |
| Property Taxes                     | \$ 7,248,039         | \$ 4,680,488               | \$ 447,414                     | \$ 12,375,941        |
| Other Local Sources                | 331,063              | 31,910                     | 1,546,410                      | 1,909,383            |
| Interdistrict Sources              | 1,917,696            | -                          | 701                            | 1,918,397            |
| Intermediate Sources               | 72,140               | -                          | -                              | 72,140               |
| State Sources                      | 21,727,849           | -                          | 33,059                         | 21,760,908           |
| Federal Sources                    | 2,837,644            | -                          | 1,250,438                      | 4,088,082            |
| Other Sources                      | 129,368              | -                          | 9,207                          | 138,575              |
| Total Revenues                     | <u>34,263,799</u>    | <u>4,712,398</u>           | <u>3,287,229</u>               | <u>42,263,426</u>    |
| <b>EXPENDITURES</b>                |                      |                            |                                |                      |
| Instruction:                       |                      |                            |                                |                      |
| Regular Instruction                | 9,761,608            | -                          | 73,782                         | 9,835,390            |
| Vocational Instruction             | 893,535              | -                          | -                              | 893,535              |
| Special Education Instruction      | 3,078,163            | -                          | -                              | 3,078,163            |
| Other Instruction                  | 1,212,542            | -                          | 841,644                        | 2,054,186            |
| Total Instruction                  | <u>14,945,848</u>    | <u>-</u>                   | <u>915,426</u>                 | <u>15,861,274</u>    |
| Support Services:                  |                      |                            |                                |                      |
| Pupil Services                     | 2,077,532            | -                          | -                              | 2,077,532            |
| Instructional Staff Services       | 2,200,295            | -                          | -                              | 2,200,295            |
| General Administration Services    | 727,136              | -                          | 263,507                        | 990,643              |
| School Administration Services     | 1,225,997            | -                          | -                              | 1,225,997            |
| Business Services                  | 859,913              | -                          | -                              | 859,913              |
| Operation and Maintenance of Plant | 2,809,160            | -                          | 440,356                        | 3,249,516            |
| Pupil Transportation Services      | 1,297,249            | -                          | 41,800                         | 1,339,049            |
| Food Services                      | -                    | -                          | 1,978,991                      | 1,978,991            |
| Central Services                   | 89,228               | -                          | -                              | 89,228               |
| Insurance                          | 233,389              | -                          | -                              | 233,389              |
| Other Support Services             | 568,656              | -                          | -                              | 568,656              |
| Total Support Services             | <u>12,088,555</u>    | <u>-</u>                   | <u>2,724,654</u>               | <u>14,813,209</u>    |
| Debt Service:                      |                      |                            |                                |                      |
| Principal                          | 513,867              | 2,115,000                  | -                              | 2,628,867            |
| Interest and Fiscal Charges        | 61,980               | 226,588                    | -                              | 288,568              |
| Total Debt Service                 | <u>575,847</u>       | <u>2,341,588</u>           | <u>-</u>                       | <u>2,917,435</u>     |
| Community Service                  | -                    | -                          | 124,377                        | 124,377              |
| Nonprogram:                        |                      |                            |                                |                      |
| General Tuition Payments           | 2,332,612            | -                          | -                              | 2,332,612            |
| Special Education Tuition Payments | 601,917              | -                          | 8,084                          | 610,001              |
| Adjustments and Refunds            | 10,850               | -                          | 14,053                         | 24,903               |
| Voucher Payments                   | 1,332,555            | -                          | -                              | 1,332,555            |
| Total Nonprogram                   | <u>4,277,934</u>     | <u>-</u>                   | <u>22,137</u>                  | <u>4,300,071</u>     |
| Total Expenditures                 | <u>31,888,184</u>    | <u>2,341,588</u>           | <u>3,786,594</u>               | <u>38,016,366</u>    |
| <b>NET CHANGE IN FUND BALANCES</b> | 2,375,615            | 2,370,810                  | (499,365)                      | 4,247,060            |
| Fund Balances - July 1             | <u>9,477,020</u>     | <u>238,131</u>             | <u>4,062,841</u>               | <u>13,777,992</u>    |
| <b>FUND BALANCES - JUNE 30</b>     | <u>\$ 11,852,635</u> | <u>\$ 2,608,941</u>        | <u>\$ 3,563,476</u>            | <u>\$ 18,025,052</u> |

See accompanying Notes to Basic Financial Statements.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances as Shown on Previous Page \$ 4,247,060

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

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

|  |             |
|--|-------------|
| Capital Assets Reported as Expenditures Reported in Governmental Fund Statements | 1,194,532   |
| Depreciation/Amortization Expense Reported in the Statement of Activities        | (2,227,111) |

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

|                        |           |
|------------------------|-----------|
| Principal Repaid       | 2,115,000 |
| Lease Liabilities Paid | 513,867   |

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

|   |              |
|---|--------------|
| Accrued Interest on Long-Term Debt                                      | 20,583       |
| Amortization of Premium and Loss on Advance Refunding                   | (6,360)      |
| Compensated Absences  | 36,582       |
| Net Pension Liability   | (11,773,854) |
| Deferred Outflows of Resources Related to Pensions                      | 2,928,653    |
| Deferred Inflows of Resources Related to Pensions                       | 7,435,110    |
| Net Other Postemployment Benefits                                       | 339,494      |
| Deferred Outflows of Resources Related to Other Postemployment Benefits | (232,606)    |
| Deferred Inflows of Resources Related to Other Postemployment Benefits  | (36,837)     |

|  |                            |
|--|----------------------------|
| Change in Net Position of Governmental Activities as Reported in the Statement of Activities | <u><u>\$ 4,554,113</u></u> |
|--|----------------------------|

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
STATEMENT OF NET POSITION – FIDUCIARY FUNDS  
JUNE 30, 2023**

|  | Employee<br>Benefit<br>Trust |
|--|------------------------------|
| <b>ASSETS</b>                                |                              |
| Cash and Investments                         | \$ 2,915,945                 |
| Accounts Receivable                          | <u>250,000</u>               |
| Total Assets                                 | <u>3,165,945</u>             |
| <b>LIABILITIES</b>                           |                              |
| Accounts Payable                             | <u>168,792</u>               |
| <b>NET POSITION</b>                          |                              |
| Restricted for Other Postemployment Benefits | <u><u>\$ 2,997,153</u></u>   |

*See accompanying Notes to Basic Financial Statements.*

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2023**

|                                   | <u>Employee<br/>Benefit<br/>Trust</u> |
|-----------------------------------|---------------------------------------|
| <b>ADDITIONS</b>                  |                                       |
| Contributions:                    |                                       |
| Employer                          | \$ 250,000                            |
| Investment Earnings               | 263,724                               |
| Total Additions                   | <u>513,724</u>                        |
| <br><b>DEDUCTIONS</b>             |                                       |
| Benefits Paid                     | <u>639,345</u>                        |
| <br><b>CHANGE IN NET POSITION</b> | <br><u>(125,621)</u>                  |
| <br>Fund Balances - July 1        | <br><u>3,122,774</u>                  |
| <br><b>NET POSITION - JUNE 30</b> | <br><u><u>\$ 2,997,153</u></u>        |

*See accompanying Notes to Basic Financial Statements.*



SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**B. District-Wide and Fund Financial Statements**

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

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

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

The District reports the following major governmental funds:

**General Fund**

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

SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. District-Wide and Fund Financial Statements (Continued)**

**Referendum Debt Service**

This fund accounts for the resources accumulated and payments made of principal and interest on referendum funded long-term general obligation debt.

Additionally, the District reports the following fiduciary funds:

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

**C. Measurement Focus and Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for federal and state grants for which available is defined as 120 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

**1. Cash and Investments**

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

**2. Property Taxes**

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

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**3. Accounts Receivable**

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

**4. Interfund Receivables and Payables**

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

**5. Inventories**

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure/expense at the time individual inventory items are consumed rather than when purchased.

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

**6. Prepaid Items**

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

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

**7. Capital Assets**

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**7. Capital Assets (Continued)**

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

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

|                            |                |
|----------------------------|----------------|
| Land Improvements          | 20 Years       |
| Buildings and Improvements | 15 to 20 Years |
| Machinery and Equipment    | 5 to 20 Years  |

**8. Compensated Absences**

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

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

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

**10. Long-Term Obligations**

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**10. Long-Term Obligations (Continued)**

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

**11. Leases**

The District is a lessee for various pieces of equipment. The District recognizes a lease liability and a right to use lease asset in the district-wide financial statements based on the criteria dictated in GASB Statement No. 87, *Leases*.

At the commencement of a lease, the District determines based on the criteria dictated in GASB Statement No. 87, *Leases*, if the contract is lease. Then the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease liabilities are reported with the long-term obligations on the statement of net position.

An intangible right-to use lease asset is initially measured as the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The intangible right-to use lease asset is amortized on a straight-line basis over the life of the lease. The intangible right-to use lease asset is reported with the District capital assets in its own category called Leased Assets (Right to Use).

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**11. Leases (Continued)**

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

**12. Pensions**

The fiduciary net position of the Wisconsin Retirement System (WRS) has been determined using the flow of economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the following:

- Net Pension Liability (Asset),
- Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions,
- Pension Expense (Revenue).

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

**13. Other Postemployment Benefits Other Than Pensions (OPEB)**

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

SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Equity

***Governmental Fund Financial Statements***

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

- **Nonspendable fund balance.** Amounts that are not in spendable form (such as inventory, prepaid items, or long-term receivables) or are legally or contractually required to remain intact.
- **Restricted fund balance.** Amounts that are constrained for specific purposes by external parties (such as grantor or bondholders), through constitutional provisions, or by enabling legislation.
- **Committed fund balance.** Amounts that are constrained for specific purposes by action of the Board of Education. These constraints can only be removed or changed by the Board of Education using the same action that was used to create them.
- **Assigned fund balance.** Amounts that are constrained for specific purposes by action of District management. The Board of Education has not authorized a specific employee to assign fund balance. Residual amounts in any governmental fund, other than the General Fund, are also reported as assigned.
- **Unassigned fund balance.** Amounts that are available for any purpose. Positive unassigned amounts are only reported in the General Fund.

The District has not adopted a fund balance spend-down policy regarding the order in which fund balance will be utilized. When a policy does not specify the spend-down policy, GASB Statement No. 54 indicates that restricted funds would be spent first, followed by committed funds, and then assigned funds. Unassigned funds would be spent last.



SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

14. Fund Equity (Continued)

*District-Wide Statements*

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

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

E. Use of Estimates

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

The debt service funds account for their transactions through separate and distinct bank and investment accounts as required by State Statutes. All other funds share in common bank and investment accounts.

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

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool. Investments in the private-purpose and employee benefit trust funds may be invested in other types of investments as authorized under Wisconsin Statute 881.01, "Uniform Prudent Investor Act".

The carrying amount of the District's cash and investments totaled \$20,087,223 on June 30, 2023 as summarized below:

|  |                      |
|--|----------------------|
| Petty Cash and Cash on Hand                    | \$ 1,320             |
| Deposits with Financial Institutions           | 13,605,897           |
| Investments:                                   |                      |
| Wisconsin Local Government Investment Pool     | 26                   |
| Wisconsin Investment Series Cooperative (WISC) | 1,023,384            |
| US Treasuries                                  | 2,370,749            |
| Bond Mutual Funds                              | 1,243,589            |
| Equity Mutual Funds                            | 1,564,202            |
| Money Market Mutual Funds                      | 51,675               |
| Fixed Interest Annuities                       | 122,613              |
| Shawano Area Community Foundation, Inc.        | 103,768              |
| Total  | <u>\$ 20,087,223</u> |

Reconciliation to the basic financial statements:

|  |                      |
|--|----------------------|
| Government-Wide Statement of Net Position: |                      |
| Cash and Investments                       | \$ 17,171,278        |
| Fiduciary Fund Statement of Net Position:  |                      |
| Employee Benefit Trust                     | 2,915,945            |
| Total                                      | <u>\$ 20,087,223</u> |

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following fair value measurements as of June 30, 2023:

|  | Fair Value Measurements Using: |         |            |
|--|--------------------------------|---------|------------|
|  | Level 1                        | Level 2 | Level 3    |
| Investments:                           |                                |         |            |
| Bond Mutual Funds                      | \$ 1,243,589                   | \$ -    | \$ -       |
| Equity Mutual Funds                    | 1,564,202                      | -       | -          |
| US Treasuries                          | 2,370,749                      | -       | -          |
| Interest in Community Foundation, Inc. | -                              | -       | 103,768    |
| Total                                  | \$ 7,549,289                   | \$ -    | \$ 103,768 |

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

**Custodial Credit Risk**

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

Deposits with financial institutions within the state of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for the combined amount of all time and savings deposits and \$250,000 for interest-bearing and noninterest-bearing demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the state of Wisconsin are insured by the FDIC in the amount of \$250,000 for the combined amount of all deposit accounts per official custodian per depository institution. Also, the state of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage,

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

**Custodial Credit Risk (Continued)**

total recovery of insured losses may not be available. This coverage has been considered in determining custodial credit risk.

As of June 30, 2023, \$11,647,154 of the District's deposits with financial institutions were in excess of federal and state depository insurance limits, with \$11,010,000 of this balance collateralized with securities held by the pledging financial institution or its trust department or agent in the District's name.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investment in securities to the top two ratings assigned by nationally recognized statistical rating organizations.

Presented below is the actual rating as of the year-end for each investment type.

| <u>Investment Type</u>                        | <u>Amount</u>       | <u>Exempt<br/>from<br/>Disclosure</u> | <u>AAA</u>          | <u>Aa</u>        | <u>A</u>          | <u>Other</u>      | <u>Not<br/>Rated</u> |
|---|---------------------|---------------------------------------|---------------------|------------------|-------------------|-------------------|----------------------|
| Wisconsin Local Government<br>Investment Pool | \$ 26               | \$ -                                  | \$ -                | \$ -             | \$ -              | \$ -              | \$ 26                |
| WISC Investment Series                        | 1,022,197           | -                                     | 1,022,197           | -                | -                 | -                 | -                    |
| WISC Cash Management Series                   | 1,187               | -                                     | 1,187               | -                | -                 | -                 | -                    |
| Bond Mutual Funds                             | 1,243,589           | 577,386                               | 82,484              | 34,264           | 108,982           | 433,505           | 6,968                |
| Money Market Mutual Funds                     | 51,675              | -                                     | -                   | -                | -                 | -                 | 51,675               |
| US Treasuries                                 | 2,370,749           | 2,370,749                             | -                   | -                | -                 | -                 | -                    |
| Total   | <u>\$ 4,689,423</u> | <u>\$ 2,948,135</u>                   | <u>\$ 1,105,868</u> | <u>\$ 34,264</u> | <u>\$ 108,982</u> | <u>\$ 433,505</u> | <u>\$ 58,669</u>     |

**Concentration of Credit Risk**

At June 30, 2023, the District had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

**Interest Rate Risk**

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. Cash and Investments (Continued)**

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

| Investment Type                               | Amount              | Remaining Maturity   |                    |                    |                        |
|---|---------------------|----------------------|--------------------|--------------------|------------------------|
|   |                     | 12 Months<br>or Less | 13 to 24<br>Months | 25 to 60<br>Months | More Than<br>60 Months |
| Wisconsin Local Government<br>Investment Pool | \$ 26               | \$ 26                | \$ -               | \$ -               | \$ -                   |
| WISC Investment Series                        | 1,022,197           | 1,022,197            | -                  | -                  | -                      |
| WISC Cash Management Series                   | 1,187               | 1,187                | -                  | -                  | -                      |
| Bond Mutual Funds                             | 1,243,589           | -                    | -                  | 377,588            | 866,001                |
| US Treasuries                                 | 2,370,749           | 2,370,749            | -                  | -                  | -                      |
| Total   | <u>\$ 5,711,620</u> | <u>\$ 4,468,031</u>  | <u>\$ -</u>        | <u>\$ 377,588</u>  | <u>\$ 866,001</u>      |

**Fixed Interest Annuity**

The District has established an employee benefit trust fund to allow retiree's to pay for their post-retirement benefits. The trust has \$122,613 invested in the fixed interest annuities with MidAmerica. These fixed interest annuities are backed by MidAmerica's general account assets and are carried at amortized cost. MidAmerica bears the investment risk for the Fixed Interest Account values and for paying interest.

**Beneficial Interest in Assets Held by Community Foundation**

Certain gifts received by Shawano School District have been transferred to the Shawano Area Community Foundation, Inc. and established as permanently restricted funds in accordance with the donor's restriction. The Board of Directors of the Shawano Area Community Foundation, Inc. has sole discretion as to investment and reinvestment of these funds and has variance power over these funds, which allows them to modify any restriction or condition of the distribution of the funds. Since the Foundation retains ultimate authority and control over the fund, additional disclosures of investments risks are not available.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2023 was as follows:

|  | Beginning<br>Balance | Increases             | Decreases        | Ending<br>Balance    |
|--|----------------------|-----------------------|------------------|----------------------|
| <b>Governmental Activities:</b>                        |                      |                       |                  |                      |
| Capital Assets,  |                      |                       |                  |                      |
| Nondepreciable/Nonamortizable:                         |                      |                       |                  |                      |
| Land   | \$ 529,370           | \$ -                  | \$ -             | \$ 529,370           |
| Construction in Progress                               | 24,669               | 255,130               | 24,669           | 255,130              |
| Total Capital Assets,<br>Nondepreciable/Nonamortizable | 554,039              | 255,130               | 24,669           | 784,500              |
| Capital Assets, Depreciable/Amortizable:               |                      |                       |                  |                      |
| Land Improvements                                      | 1,992,085            | -                     | -                | 1,992,085            |
| Buildings and Improvements                             | 68,574,044           | 357,487               | -                | 68,931,531           |
| Machinery and Equipment                                | 4,084,728            | 606,583               | -                | 4,691,311            |
| Machinery and Equipment -<br>Leased Right-to-Use       | 2,331,143            | -                     | -                | 2,331,143            |
| Subtotal   | 76,982,000           | 964,070               | -                | 77,946,070           |
| Less: Accumulated<br>Depreciation/Amortization for:    |                      |                       |                  |                      |
| Land Improvements                                      | 1,322,425            | 55,900                | -                | 1,378,325            |
| Buildings and Improvements                             | 23,210,280           | 1,378,625             | -                | 24,588,905           |
| Machinery and Equipment                                | 3,313,160            | 176,639               | -                | 3,489,799            |
| Machinery and Equipment -<br>Leased Right-to-Use       | 564,996              | 615,947               | -                | 1,180,943            |
| Subtotal   | 28,410,861           | 2,227,111             | -                | 30,637,972           |
| Total Capital Assets,<br>Depreciable/Amortizable, Net  | 48,571,139           | (1,263,041)           | -                | 47,308,098           |
| Governmental Activities<br>Capital Assets, Net         | <u>\$ 49,125,178</u> | <u>\$ (1,007,911)</u> | <u>\$ 24,669</u> | 48,092,598           |
| Less: Outstanding Capital Related Debt                 |                      |                       |                  | 6,820,000            |
| Less: Debt Premium                                     |                      |                       |                  | 168,976              |
| Less: Lease Liabilities                                |                      |                       |                  | 1,113,594            |
| Add: Deferred Charge on Refunding                      |                      |                       |                  | <u>170,346</u>       |
| Net Investment in Capital Assets                       |                      |                       |                  | <u>\$ 40,160,374</u> |

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. Interfund Receivables and Payables**

Interfund receivables and payables between individual funds of the District, as reported in the fund financial statements, as of June 30, 2023 are detailed below:

|   | Interfund<br>Receivables | Interfund<br>Payables |
|---|--------------------------|-----------------------|
| Governmental Funds:                         |                          |                       |
| General Fund                                | \$ 50,961                | \$ -                  |
| Title VII American Indian Education Special | -                        | 50,961                |
| Total                                       | \$ 50,961                | \$ 50,961             |

The above interfund receivables and payables were recorded to eliminate deficit cash balances in the funds. The District anticipates future cash inflows from grant reimbursements that will be sufficient to offset the current deficit cash balances.

**D. Long-Term Obligations**

The following is a summary of changes in long-term obligations of the District for the year ended June 30, 2023:

|  | Beginning<br>Balance | Issued | Retired      | Ending<br>Balance | Due Within<br>One Year |
|--|----------------------|--------|--------------|-------------------|------------------------|
| <b>Governmental Activities:</b>                  |                      |        |              |                   |                        |
| General Obligation Debt:                         |                      |        |              |                   |                        |
| Bonds  | \$ 8,935,000         | \$ -   | \$ 2,115,000 | \$ 6,820,000      | \$ 2,475,000           |
| Debt Premium                                     | 247,788              | -      | 78,812       | 168,976           | 63,185                 |
| Lease Liabilities                                | 1,627,461            | -      | 513,867      | 1,113,594         | 579,434                |
| Compensated Absences                             | 580,105              | -      | 36,582       | 543,523           | -                      |
| Governmental Activities<br>Long-Term Obligations | \$ 11,390,354        | \$ -   | \$ 2,744,261 | \$ 8,646,093      | \$ 3,117,619           |

Total interest paid during the year on long-term debt totaled \$226,588.

**General Obligation Debt**

General obligation debt currently outstanding is detailed as follows:

|  | Date of<br>Issue | Final<br>Maturity | Interest<br>Rates | Original<br>Indebtedness | Balance<br>6/30/23 |
|--|------------------|-------------------|-------------------|--------------------------|--------------------|
| General Obligation Bonds                     | 06/01/15         | 03/01/25          | 2.6%              | \$ 8,890,000             | \$ 3,070,000       |
| General Obligation Bonds                     | 03/01/16         | 03/01/27          | 2.0% - 2.5%       | 9,250,000                | 3,750,000          |
| Total Outstanding General<br>Obligation Debt |                  |                   |                   |                          | \$ 6,820,000       |

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**D. Long-Term Obligations (Continued)**

**General Obligation Debt (Continued)**

Annual principal and interest payments as of June 30, 2023 are detailed below:

| <u>Year Ending June 30,</u> | <u>Principal</u>    | <u>Interest</u>   | <u>Total</u>        |
|-----------------------------|---------------------|-------------------|---------------------|
| 2024                        | \$ 2,475,000        | \$ 164,820        | \$ 2,639,820        |
| 2025                        | 2,565,000           | 96,470            | 2,661,470           |
| 2026                        | 990,000             | 35,600            | 1,025,600           |
| 2027                        | 790,000             | 15,800            | 805,800             |
| Total                       | <u>\$ 6,820,000</u> | <u>\$ 312,690</u> | <u>\$ 7,132,690</u> |

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

**Legal Margin for New Debt**

The District's legal margin for creation of additional general obligation debt on June 30, 2023 was \$182,911,194 as follows:

|  |                       |
|--|-----------------------|
| Equalized Valuation of the District  | \$ 1,897,311,943      |
| Statutory Limitation Percentage  | (x) 10%               |
| General Obligation Debt Limitation, Per Section 67.03<br>of the Wisconsin Statutes | <u>189,731,194</u>    |
| Total Outstanding General Obligation Debt<br>Applicable to Debt Limitation         | <u>6,820,000</u>      |
| Legal Margin for New Debt  | <u>\$ 182,911,194</u> |

**Leases Payable**

The District leases various pieces of machinery and equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2027. Total principal and interest costs for such leases for governmental funds were \$575,847 for the year ended June 30, 2023. The future minimum lease payments for these agreements are as follows:

| <u>Year Ending June 30,</u>     | <u>Governmental Activities</u> |                  |                     |
|---------------------------------|--------------------------------|------------------|---------------------|
|                                 | <u>Principal</u>               | <u>Interest</u>  | <u>Total</u>        |
| 2024                            | \$ 579,434                     | \$ 26,687        | \$ 606,121          |
| 2025                            | 485,662                        | 6,362            | 492,024             |
| 2026                            | 38,594                         | 1,297            | 39,891              |
| 2027                            | 9,904                          | 69               | 9,973               |
| Total Minimum Payments Required | <u>\$ 1,113,594</u>            | <u>\$ 34,415</u> | <u>\$ 1,148,009</u> |

Right-to-use assets acquired through outstanding leases are shown in Note 2.B.



**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Wisconsin Retirement System (WRS) Pension Plan**

**Plan Description**

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

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

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

**Vesting**

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

**Benefits Provided**

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

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

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

The WRS also provides death and disability benefits for employees.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Wisconsin Retirement System (WRS) Pension Plan (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 Percent | Variable Fund Adjustment Percent |
|------|------------------------------|----------------------------------|
| 2013 | (9.6)                        | 9                                |
| 2014 | 4.7                          | 25                               |
| 2015 | 2.9                          | 2                                |
| 2016 | 0.5                          | (5)                              |
| 2017 | 2.0                          | 4                                |
| 2018 | 2.4                          | 17                               |
| 2019 | -                            | (10)                             |
| 2020 | 1.7                          | 21                               |
| 2021 | 5.1                          | 13                               |
| 2022 | 7.4                          | 15                               |

**Contributions**

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

During the year ended June 30, 2023, the WRS recognized \$1,011,541 in contributions from the District.

Contribution rates for the reporting period are:

| Employee Category   | Employee | Employer |
|---|----------|----------|
| General (Including Teachers, Executives, and Elected Officials) | 6.80%    | 6.80%    |

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Wisconsin Retirement System (WRS) Pension Plan (Continued)**

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

At June 30, 2023, the District reported an a liability of \$4,563,151 for its proportionate share of the net pension liability. The Net Pension Liability was measured as of December 31, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of December 31, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the District's proportion was 0.08613451%, which was a decrease of 0.0033262700% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized a pension expense of \$2,330,618.

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

|   | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience  | \$ 7,267,685                         | \$ 9,548,107                        |
| Net Differences Between Projected and Actual<br>Earnings on Pension Plan Investments                                | 7,751,742                            | -                                   |
| Changes in Assumptions  | 897,304                              | -                                   |
| Changes in Proportion and Differences Between<br>Employer Contributions and Proportionate Share of<br>Contributions | 71,553                               | 16,648                              |
| Employer Contributions Subsequent to the<br>Measurement Date  | 581,566                              | -                                   |
| Total   | <u>\$ 16,569,850</u>                 | <u>\$ 9,564,755</u>                 |

The \$581,566 reported as deferred outflows related to pension resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| <u>Year Ending June 30,</u> | <u>Expense</u>      |
|-----------------------------|---------------------|
| 2024                        | \$ 274,249          |
| 2025                        | 1,334,261           |
| 2026                        | 1,372,151           |
| 2027                        | 3,442,868           |
| Total                       | <u>\$ 6,423,529</u> |

SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Wisconsin Retirement System (WRS) Pension Plan (Continued)

**Actuarial Assumptions**

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

|  |  |
|--|--|
| Actuarial Valuation Date:                  | December 31, 2021  |
| Measurement Date of Net Pension Liability: | December 31, 2022  |
| Experience Study:                          | January 1, 2018 - December 31, 2020<br>Published November 19, 2021 |
| Actuarial Cost Method:                     | Entry Age Normal   |
| Asset Valuation Method:                    | Fair Value   |
| Long-Term Expected Rate of Return:         | 6.8%   |
| Discount Rate:                             | 6.8%   |
| Salary Increases:                          |  |
| Wage Inflation                             | 3.0%   |
| Seniority/Merit                            | 0.1% - 5.6%  |
| Mortality                                  | 2020 WRS Experience Mortality Table                                |
| Postretirement Adjustments*                | 1.7%   |

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

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

**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:

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Wisconsin Retirement System (WRS) Pension Plan (Continued)**

**Long-Term Expected Return on Plan Assets (Continued)**

|                                   | Current Asset<br>Allocation<br>Percent | Long-Term<br>Expected<br>Nominal Rate of<br>Return Percent | Long-Term<br>Expected<br>Real Rate of<br>Return Percent |
|-----------------------------------|--|--|---|
| <b>Core Fund Asset Class:</b>     |  |  |   |
| Public Equity                     | 48.0                                   | 7.6  | 5.0   |
| Public Fixed Income               | 25.0                                   | 5.3  | 2.7   |
| Inflation Sensitive               | 19.0                                   | 3.6  | 1.1   |
| Real Estate                       | 8.0                                    | 5.2  | 2.6   |
| Private Equity/Debt               | 15.0                                   | 9.6  | 6.9   |
| Cash                              | (15.0)                                 | N/A  | N/A   |
| Total Core Fund                   | <u>100.0</u>                           | 7.4  | 4.8   |
| <b>Variable Fund Asset Class:</b> |  |  |   |
| U.S. Equities                     | 70.0                                   | 7.2  | 4.6   |
| International Equities            | 30.0                                   | 8.1  | 5.5   |
| Total Variable Fund               | <u>100.0</u>                           | 7.7  | 5.1   |

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.5%

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

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. Wisconsin Retirement System (WRS) Pension Plan (Continued)**

**Single Discount Rate**

A single discount rate of 6.8% was used to measure the total pension liability, for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.8%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.8%) or one percentage point higher (7.8%) than the current rate:

|  | 1% Decrease to<br>Discount Rate<br>(5.8%) | Current<br>Discount Rate<br>(6.8%) | 1% Increase to<br>Discount Rate<br>(7.8%) |
|--|---|------------------------------------|---|
| District's Proportionate Share of the<br>Net Pension Liability (Asset) | \$ 15,144,950                             | \$ 4,563,151                       | \$ (2,716,218)                            |

**Pension Plan Fiduciary Net Position**

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

**Payable to the Pension Plan**

The District reported a payable of \$366,204 for the outstanding amount of contributions to the pension plan for the year ended June 30, 2023.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Other Postemployment Benefits**

**Plan Description**

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

**Benefits Provided**

The District provides health insurance to retirees and spouses until Medicare eligibility. The amount of benefit provided varies based on years of service, date of hire, and employee classification.

**Employees Covered by Benefit Terms**

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

|  |                   |
|--|-------------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefit Payments | 33                |
| Active Employees   | <u>271</u>        |
| Total  | <u><u>304</u></u> |

**Contributions**

**Teachers**

- Tier 1            Must be at least 55 years of age with 18 years of service before 7/1/2019. District contributes six years of health insurance equivalents, up to \$9,000 (single) or \$20,000 (family) to a premium only HRA.
- Tier 2A          Hired prior to 1/1/2001 but does not qualify for Tier 1. Must be at least 55 years of age with 18 years of service. District contributes five years of health insurance equivalents, up to \$9,000 (single) or \$20,000 (family) to a premium only HRA.
- Tier 2B          Hired on or after 1/1/2001 but prior to 7/1/2012. Must be at least 55 years of age with 18 years of service. District contributes three years of health insurance equivalents, up to \$9,000 (single) or \$20,000 (family) to a premium only HRA.

**Support Staff**

- Tier 1            Must be at least 55 years of age with 15 years of service and eligible to retire prior to the 2019-2020 school year. District contributes three years of single health insurance equivalents, up to \$9,000, to a premium only HRA.
- Tier 2            Must be at least 55 years of age with 15 years of service. District contributes two years of single health insurance equivalents, up to \$9,000, to a premium only HRA.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Other Postemployment Benefits (Continued)**

**Net OPEB Liability (Asset)**

The District's net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2021.

**Actuarial Assumptions**

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

|                          |   |
|--------------------------|---|
| Actuarial Valuation Date | June 30, 2021   |
| Measurement Date         | June 30, 2023   |
| Reporting Date           | June 30, 2023   |
| Actuarial Cost Method    | Entry Age Normal (level percent of salary)  |
| Health Care Trend        | 6.50% decreasing by 0.10% per year down to 5.0%, and level thereafter   |
| Discount Rate            | 5% (implicit in this rate is an assumed rate of inflation of 2.50%)   |
| Actuarial Assumptions    | Based on an experience study conducted in 2018 using Wisconsin Retirement System (WRS) experience from 2015-17                                    |
| Mortality Assumption     | Wisconsin 2018 Mortality Table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied by 60%) |

The long-term expected rate of return on OPEB plan investments was valued at 5.0%. A blend of expected earnings on District funds and the current yield for 20-year tax-exempt AA Municipal bond rate or higher as of the measurement date was used for all years of benefit payments.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.



**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Other Postemployment Benefits (Continued)**

***Changes in the Net OPEB Liability (Asset) Measured as of June 30, 2023***

|  | Increase (Decrease)     |                                |                               |
|--|-------------------------|--------------------------------|-------------------------------|
|  | Total OPEB<br>Liability | Plan Fiduciary<br>Net Position | Net OPEB<br>Liability (Asset) |
|  | (a)                     | (b)                            | (a) - (b)                     |
| Balance at July 1, 2022                              | \$ 4,627,437            | \$ 2,949,536                   | \$ 1,677,901                  |
| Changes for the Year:                                |                         |                                |                               |
| Service Cost   | 127,749                 | -                              | 127,749                       |
| Interest   | 220,597                 | -                              | 220,597                       |
| Change in Benefit Terms                              | -                       | -                              | -                             |
| Difference Between Expected and Actual<br>Experience | (191,474)               | -                              | -                             |
| Changes of Assumptions or Other Input                | -                       | -                              | (191,474)                     |
| Contributions - Employer                             | -                       | 250,000                        | (250,000)                     |
| Net Investment Income                                | -                       | 246,366                        | (246,366)                     |
| Benefit Payments                                     | (558,733)               | (558,733)                      | -                             |
| Administrative Expense                               | -                       | -                              | -                             |
| Net Changes  | <u>(401,861)</u>        | <u>(62,367)</u>                | <u>(339,494)</u>              |
| Balance at June 30, 2023                             | <u>\$ 4,225,576</u>     | <u>\$ 2,887,169</u>            | <u>\$ 1,338,407</u>           |

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

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

|                            | 1% Decrease to<br>Discount Rate<br>(4.00%) | Current<br>Discount Rate<br>(5.00%) | 1% Increase to<br>Discount Rate<br>(6.00%) |
|----------------------------|--|-------------------------------------|--|
| Net OPEB Liability (Asset) | \$ 1,493,914                               | \$ 1,338,407                        | \$ 1,186,977                               |

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.5% decreasing to 4.0%) or one percentage point higher (7.5% decreasing to 6.0%) than the current healthcare cost trend rates:

|                            | 1% Decrease<br>(5.5% decreasing<br>to 4.0%) | Healthcare Cost<br>Trend Rates<br>(6.5% decreasing<br>to 5.0%) | 1% Increase<br>(7.5% decreasing<br>to 6.0%) |
|----------------------------|---|--|---|
| Net OPEB Liability (Asset) | \$ 1,314,707                                | \$ 1,338,407   | \$ 1,364,416                                |

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**F. Other Postemployment Benefits (Continued)**

**OPEB Plan Fiduciary Net Position**

Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements.

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$179,949.

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

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience                            | \$ 1,076,349                         | \$ 174,067                          |
| Changes in Assumptions  | -                                    | 904,463                             |
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | 74,756                               | -                                   |
| District Contributions Subsequent to the Measurement Date                     | 250,000                              | -                                   |
| Total   | <u>\$ 1,401,105</u>                  | <u>\$ 1,078,530</u>                 |

The \$250,000 reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other postemployment benefits expense as follows:

| <u>Year Ending June 30,</u> | <u>(Revenue)/Expense</u> |
|-----------------------------|--------------------------|
| 2024                        | \$ (28,639)              |
| 2025                        | (19,607)                 |
| 2026                        | 88,726                   |
| 2027                        | (39,437)                 |
| 2028                        | (17,229)                 |
| Thereafter                  | 88,761                   |
| Total                       | <u>\$ 72,575</u>         |

**Payable to the OPEB Plan**

At June 30, 2023, the District reported a payable of \$250,000 for an outstanding amount of contributions to the Plan required for the year ended June 30, 2023.

SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. Defined Contribution Other Postemployment Benefit Plan**

The District has established and adopted the MidAmerica Administrative & Retirement Solutions, Inc. Health Reimbursement Arrangement (the "Plan") to enable eligible current participants and their dependents to be reimbursed tax-free for eligible medical and dental expenses.

Eligible active teachers hired on or after July 1, 2012 but before July 1, 2016 (Tier 3 professional staff) will receive amounts placed in a district-sponsored Health Retirement Account, if the employee has served the District at least 18 consecutive years and is at least 57 years of age prior to September 1 in the school year in which the retirement becomes effective. The District contributed \$3,000 into a premium only HRA in each of the first five years of employment and are now subject to the vesting as previously stated. The District fully funded these benefits and these funds are held in a District sponsored account until fully vested. The plan does not allow for employee contributions. The expense for the year was \$-0-. There were \$-0- of forfeitures recognized by the employer in the expenses during the year.

The teacher plan was established by the Board of Education and is a single-employer plan. The Board of Education can prospectively amend the plan by action at board meetings.

At June 30, 2023, the District reported no payable for the outstanding plan contributions to the Plan as of June 30, 2023.

**H. Fund Equity**

**Nonspendable Fund Balance**

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2023, nonspendable fund balance was as follows:

|                                 |                   |
|---------------------------------|-------------------|
| General Fund:                   |                   |
| Prepaid Items                   | \$ 338,556        |
| Nonmajor Governmental Funds:    |                   |
| Special Revenue Fund:           |                   |
| Food Service Inventories        | 3,084             |
| Total Nonspendable Fund Balance | <u>\$ 341,640</u> |

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. Fund Equity (Continued)**

**Restricted Fund Balance**

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2023, restricted fund balance was as follows:

|  |                     |
|--|---------------------|
| General Fund:                              |                     |
| Restricted for                             |                     |
| Common School Fund                         | \$ 10,354           |
| Get Kids Ahead Funds                       | 40,233              |
| Total General Fund Restricted Fund Balance | <u>50,587</u>       |
| Nonmajor Governmental Funds:               |                     |
| Special Revenue Funds:                     |                     |
| Restricted for:                            |                     |
| Donations                                  | 642,983             |
| Food Service                               | 432,699             |
| Community Service Programs                 | 465,861             |
| Debt Service Funds:                        |                     |
| Restricted for:                            |                     |
| Debt Service                               | 2,608,941           |
| Capital Projects Fund:                     |                     |
| Restricted for                             |                     |
| Capital Improvements                       | 2,018,849           |
| Total Restricted Fund Balance              | <u>\$ 6,219,920</u> |

**Assigned Fund Balance**

In the fund financial statements, portions of government fund balances are assigned by the District. At June 30, 2023, fund balance was assigned as follows:

|                      |                   |
|----------------------|-------------------|
| General Fund:        |                   |
| Assigned for:        |                   |
| Maintenance Projects | <u>\$ 500,000</u> |

**Minimum General Fund Balance Policy**

The District has adopted a minimum fund balance policy of 15% of subsequent year budgeted expenditures for the General Fund. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

|   |                     |
|---|---------------------|
| Budgeted 2024 General Fund Expenditures | \$ 31,149,792       |
| Minimum Fund Balance Percent            | (x) 15%             |
| Minimum Fund Balance Amount             | <u>\$ 4,672,469</u> |

The District's unassigned General Fund balance of \$10,963,492 is above the minimum fund balance amount.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 OTHER INFORMATION**

**A. Risk Management**

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

**B. Contingencies**

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under the Uniform Guidance and the *State Single Audit Guidelines* has been conducted but final acceptance is still pending. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

**C. Limitation on School District Revenues**

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

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2023**

|   | Budget              |                     | Actual               | Variance<br>Final Budget -<br>Positive<br>(Negative) |
|---|---------------------|---------------------|----------------------|--|
|   | Original            | Final               |                      |  |
| <b>REVENUES</b>                                 |                     |                     |                      |  |
| Property Taxes                                  | \$ 8,470,000        | \$ 7,228,039        | \$ 7,248,039         | \$ 20,000  |
| Other Local Sources                             | 94,190              | 94,190              | 331,063              | 236,873  |
| Interdistrict Sources                           | 1,700,723           | 2,036,534           | 1,917,696            | (118,838)  |
| Intermediate Sources                            | -                   | -                   | 20,753               | 20,753   |
| State Sources                                   | 18,865,346          | 20,119,747          | 20,430,269           | 310,522  |
| Federal Sources                                 | 1,466,160           | 1,466,160           | 2,075,237            | 609,077  |
| Other Sources                                   | 47,500              | 47,542              | 120,066              | 72,524   |
| Total Revenues                                  | <u>30,643,919</u>   | <u>30,992,212</u>   | <u>32,143,123</u>    | <u>1,150,911</u>                                     |
| <b>EXPENDITURES</b>                             |                     |                     |                      |  |
| Instruction:                                    |                     |                     |                      |  |
| Regular Instruction                             | 10,773,030          | 10,773,030          | 9,761,608            | 1,011,422  |
| Vocational Instruction                          | 789,247             | 789,247             | 893,535              | (104,288)  |
| Other Instruction                               | 1,242,602           | 1,242,602           | 1,212,542            | 30,060   |
| Total Instruction                               | <u>12,804,879</u>   | <u>12,804,879</u>   | <u>11,867,685</u>    | <u>937,194</u>                                       |
| Support Services:                               |                     |                     |                      |  |
| Pupil Services                                  | 1,132,520           | 1,134,570           | 1,200,027            | (65,457)   |
| Instructional Staff Services                    | 1,519,225           | 1,546,225           | 1,927,835            | (381,610)  |
| General Administration Services                 | 565,299             | 593,799             | 726,207              | (132,408)  |
| School Administration Services                  | 1,404,585           | 1,404,585           | 1,225,997            | 178,588  |
| Business Services                               | 913,807             | 913,807             | 849,489              | 64,318   |
| Operations and Maintenance of Plant             | 2,778,337           | 2,778,337           | 2,747,578            | 30,759   |
| Pupil Transportation Services                   | 1,131,575           | 1,131,575           | 1,134,168            | (2,593)  |
| Central Services                                | 110,720             | 110,720             | 85,481               | 25,239   |
| Insurance                                       | 283,545             | 283,545             | 233,389              | 50,156   |
| Other Support Services                          | 923,306             | 928,456             | 559,532              | 368,924  |
| Total Support Services                          | <u>10,762,919</u>   | <u>10,825,619</u>   | <u>10,689,703</u>    | <u>135,916</u>                                       |
| Debt Service:                                   |                     |                     |                      |  |
| Principal                                       | 612,190             | 612,190             | 575,449              | 36,741   |
| Interest and Fiscal Charges                     | 5,214               | 5,214               | 61,980               | (56,766)   |
| Total Debt Service                              | <u>617,404</u>      | <u>617,404</u>      | <u>637,429</u>       | <u>(20,025)</u>                                      |
| Nonprogram:                                     |                     |                     |                      |  |
| General Tuition Payments                        | 1,879,755           | 2,092,290           | 2,332,612            | (240,322)  |
| Adjustments and Refunds                         | 3,000               | 3,000               | 10,850               | (7,850)  |
| Voucher Payments                                | 1,420,000           | 1,397,834           | 1,332,555            | 65,279   |
| Total Nonprogram                                | <u>3,302,755</u>    | <u>3,493,124</u>    | <u>3,676,017</u>     | <u>(182,893)</u>                                     |
| Total Expenditures                              | <u>27,487,957</u>   | <u>27,741,026</u>   | <u>26,870,834</u>    | <u>870,192</u>                                       |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES</b> | <u>3,155,962</u>    | <u>3,251,186</u>    | <u>5,272,289</u>     | <u>2,021,103</u>                                     |
| <b>OTHER FINANCING USES</b>                     |                     |                     |                      |  |
| Transfers Out                                   | (3,408,766)         | (3,408,766)         | (2,896,674)          | 512,092  |
| Total Other Financing Uses                      | <u>(3,408,766)</u>  | <u>(3,408,766)</u>  | <u>(2,896,674)</u>   | <u>512,092</u>                                       |
| <b>NET CHANGE IN FUND BALANCE</b>               | (252,804)           | (157,580)           | 2,375,615            | 2,533,195  |
| Fund Balance - Beginning of Year                | 9,477,020           | 9,477,020           | 9,477,020            | -  |
| <b>FUND BALANCE - END OF YEAR</b>               | <u>\$ 9,224,216</u> | <u>\$ 9,319,440</u> | <u>\$ 11,852,635</u> | <u>\$ 2,533,195</u>                                  |

See accompanying Notes to Required Supplementary Information.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – SPECIAL EDUCATION SPECIAL REVENUE FUND  
BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2023**

|  | Budget             |                    | Actual             | Variance                                 |
|--|--------------------|--------------------|--------------------|--|
|  | Original           | Final              |                    | Final Budget -<br>Positive<br>(Negative) |
| <b>REVENUES</b>                                  |                    |                    |                    |  |
| Intermediate Sources                             | \$ 28,354          | \$ 41,068          | \$ 51,387          | \$ 10,319                                |
| State Sources                                    | 1,054,091          | 1,054,091          | 1,297,580          | 243,489                                  |
| Federal Sources                                  | 1,066,806          | 1,066,806          | 762,407            | (304,399)                                |
| Total Revenues                                   | <u>2,149,251</u>   | <u>2,161,965</u>   | <u>2,120,676</u>   | <u>(41,289)</u>                          |
| <b>EXPENDITURES</b>                              |                    |                    |                    |  |
| Instruction:                                     |                    |                    |                    |  |
| Special Education Instruction                    | 3,803,213          | 3,803,213          | 3,078,163          | 725,050                                  |
| Total Instruction                                | <u>3,803,213</u>   | <u>3,803,213</u>   | <u>3,078,163</u>   | <u>725,050</u>                           |
| Support Services:                                |                    |                    |                    |  |
| Pupil Services                                   | 917,169            | 917,169            | 877,505            | 39,664                                   |
| Instructional Staff Services                     | 267,360            | 277,293            | 272,460            | 4,833                                    |
| General Administration Services                  | 2,662              | 2,662              | 929                | 1,733                                    |
| Business Services                                | 10,000             | 10,000             | 10,424             | (424)                                    |
| Operations and Maintenance of Plant              | 5,000              | 5,000              | -                  | 5,000                                    |
| Pupil Transportation Services                    | 131,884            | 131,884            | 163,081            | (31,197)                                 |
| Central Services                                 | 3,510              | 3,510              | 3,747              | (237)                                    |
| Other Support Services                           | 10,000             | 10,000             | 9,124              | 876                                      |
| Total Support Services                           | <u>1,347,585</u>   | <u>1,357,518</u>   | <u>1,337,270</u>   | <u>20,248</u>                            |
| Nonprogram:                                      |                    |                    |                    |  |
| Special Education Tuition Payments               | 410,000            | 410,000            | 601,917            | (191,917)                                |
| Total Expenditures                               | <u>5,560,798</u>   | <u>5,570,731</u>   | <u>5,017,350</u>   | <u>553,381</u>                           |
| <b>EXCESS OF REVENUES UNDER<br/>EXPENDITURES</b> | <u>(3,411,547)</u> | <u>(3,408,766)</u> | <u>(2,896,674)</u> | <u>512,092</u>                           |
| <b>OTHER FINANCING SOURCES</b>                   |                    |                    |                    |  |
| Transfers In                                     | 3,408,766          | 3,408,766          | 2,896,674          | (512,092)                                |
| <b>NET CHANGE IN FUND BALANCES</b>               | (2,781)            | -                  | -                  | -  |
| Fund Balance - Beginning of Year                 | -                  | -                  | -                  | -  |
| <b>FUND BALANCES - END OF YEAR</b>               | <u>\$ (2,781)</u>  | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>                              |

See accompanying Notes to Required Supplementary Information.



**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS  
LAST TEN MEASUREMENT DATES\***

|   | 2023                | 2022                | 2021                | 2020                | 2019                | 2018                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability:   |                     |                     |                     |                     |                     |                     |
| Service Cost  | \$ 127,749          | \$ 130,503          | \$ 124,289          | \$ 212,693          | \$ 219,608          | \$ 205,505          |
| Interest  | 220,597             | 156,104             | 171,562             | 200,662             | 237,760             | 243,183             |
| Changes of Benefit Terms  | -                   | 966,981             | -                   | (1,084,594)         | -                   | -                   |
| Differences Between Expected and Actual Experience                        | (191,474)           | 952,305             | -                   | 495,318             | -                   | (12,615)            |
| Changes of Assumptions  | -                   | (308,375)           | -                   | (1,078,931)         | -                   | -                   |
| Benefit Payments  | (558,733)           | (653,831)           | (562,374)           | (679,006)           | (578,104)           | (603,092)           |
| Net Change in Total OPEB Liability  | (401,861)           | 1,243,687           | (266,523)           | (1,933,858)         | (120,736)           | (167,019)           |
| Total OPEB Liability - Beginning  | 4,627,437           | 3,383,750           | 3,650,273           | 5,584,131           | 5,704,867           | 5,871,886           |
| Total OPEB Liability - Ending (a)   | <u>\$ 4,225,576</u> | <u>\$ 4,627,437</u> | <u>\$ 3,383,750</u> | <u>\$ 3,650,273</u> | <u>\$ 5,584,131</u> | <u>\$ 5,704,867</u> |
| Plan Fiduciary Net Position:  |                     |                     |                     |                     |                     |                     |
| Contributions - Employer  | \$ 250,000          | \$ 250,000          | \$ 719,497          | \$ 481,383          | \$ 446,262          | \$ 508,517          |
| Net Investment Income   | 246,366             | (461,802)           | 727,031             | 178,274             | 203,188             | 198,882             |
| Benefit Payments  | (558,733)           | (653,831)           | (562,374)           | (679,006)           | (578,104)           | (603,092)           |
| Administrative Expenses   | -                   | (17,078)            | -                   | -                   | -                   | (20,321)            |
| Adjustment  | -                   | -                   | (680,939)           | -                   | -                   | -                   |
| Net Change in Plan Fiduciary Net Position                                 | (62,367)            | (882,711)           | 203,215             | (19,349)            | 71,346              | 83,986              |
| Plan Fiduciary Net Position - Beginning                                   | 2,949,536           | 3,832,247           | 3,629,032           | 3,648,381           | 3,577,035           | 3,493,049           |
| Plan Fiduciary Net Position - Ending (b)                                  | <u>\$ 2,887,169</u> | <u>\$ 2,949,536</u> | <u>\$ 3,832,247</u> | <u>\$ 3,629,032</u> | <u>\$ 3,648,381</u> | <u>\$ 3,577,035</u> |
| District's Net OPEB Liability (Asset) - Ending (a) - (b)                  | <u>\$ 1,338,407</u> | <u>\$ 1,677,901</u> | <u>\$ (448,497)</u> | <u>\$ 21,241</u>    | <u>\$ 1,935,750</u> | <u>\$ 2,127,832</u> |
| Plan Fiduciary Net position as a Percentage of the Total OPEB Liability   | 68.33%              | 63.74%              | 113.25%             | 99.42%              | 65.33%              | 62.70%              |
| Covered-Employee Payroll  | \$ 16,226,001       | \$ 16,226,001       | \$ 14,964,102       | \$ 14,964,102       | \$ 14,697,718       | \$ 14,414,195       |
| District's Net OPEB Liability as a Percentage of Covered-Employee Payroll | 8.25%               | 10.34%              | -3.00%              | 0.14%               | 13.17%              | 14.76%              |
| Annual Money-Weighted Rate of Return Net of Investment Expenses           | Not available       | Not available       | Not available       | Not available       | Not available       | 6%                  |

\* See note 3.E to the financial statements for further information on the adjustment.

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN  
LAST TEN FISCAL YEARS\***

|   | 2023            | 2022            | 2021                | 2020                | 2019                | 2018                |
|---|-----------------|-----------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially Determined Contribution (ADC)                 | \$ 253,264      | \$ 253,264      | \$ -                | \$ 246,331          | \$ 209,797          | \$ 98,628           |
| Contributions in Relation to the ADC                      | 250,000         | 250,000         | 719,497             | 481,383             | 446,262             | 508,517             |
| Contribution Deficiency (Excess)                          | <u>\$ 3,264</u> | <u>\$ 3,264</u> | <u>\$ (719,497)</u> | <u>\$ (235,052)</u> | <u>\$ (236,465)</u> | <u>\$ (409,889)</u> |
| Covered-Employee Payroll                                  | \$ 16,226,001   | \$ 16,226,001   | \$ 14,964,102       | \$ 14,964,102       | \$ 14,697,718       | \$ 14,414,195       |
| Contributions as a Percentage of Covered-Employee Payroll | 1.54%           | 1.54%           | 4.81%               | 3.22%               | 3.04%               | 3.53%               |

**Key Methods and Assumption Used to Calculate ADC**

|                        |                      |                       |                       |                       |                      |     |
|------------------------|----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----|
| Actuarial Cost Method  | Entry Age Normal     | Entry Age Normal      | Entry Age Normal      | Entry Age Normal      | Entry Age Normal     | N/A |
| Asset Valuation Method | Market Value         | Market Value          | Market Value          | Market Value          | Market Value         | N/A |
| Amortization Method    | 11-Year Level Dollar | One-Year Level Dollar | One-Year Level Dollar | One-Year Level Dollar | 30-Year Level Dollar | N/A |
| Discount Rate          | 5.00%                | 5.00%                 | 5.00%                 | 5.00%                 | 3.75%                | N/A |
| Inflation              | 2.50%                | 2.50%                 | 2.50%                 | 2.50%                 | N/A                  | N/A |

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
WISCONSIN RETIREMENT SYSTEM  
LAST TEN MEASUREMENT PERIODS**

| Plan<br>Year Ended | Proportion of<br>the Net Pension<br>Liability (Asset) | Proportionate<br>Share of the<br>Net Pension<br>Liability (Asset) | Covered<br>Payroll<br>(Plan Year) | Proportionate<br>Share of the Net<br>Pension Liability<br>(Asset) as a<br>Percentage of<br>Covered Payroll | Plan Fiduciary<br>Net Position as a<br>Percentage of the<br>Total Pension<br>Liability (Asset) |
|--------------------|---|---|-----------------------------------|--|--|
| 12/31/14           | 0.09900772 %  | \$ (2,431,900)  | \$ 13,642,351                     | 17.83 %  | 102.74 %   |
| 12/31/15           | 0.09701440  | 1,576,465   | 13,655,507                        | 11.54  | 98.20  |
| 12/31/16           | 0.09623537  | 793,209   | 13,741,608                        | 5.77   | 99.12  |
| 12/31/17           | 0.09568947  | (2,841,133)   | 14,239,300                        | 19.95  | 102.93   |
| 12/31/18           | 0.09526562  | 3,389,252   | 14,581,943                        | 23.24  | 96.45  |
| 12/31/19           | 0.09427402  | (3,039,824)   | 14,754,859                        | 20.60  | 102.96   |
| 12/31/20           | 0.09184616  | (5,734,083)   | 14,825,426                        | 38.68  | 105.26   |
| 12/31/21           | 0.08946078  | (7,210,703)   | 15,125,391                        | 47.67  | 106.02   |
| 12/31/22           | 0.08613451  | 4,563,151   | 14,875,896                        | 30.67  | 95.72  |

**SCHEDULE OF CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM  
LAST TEN MEASUREMENT PERIODS**

| Fiscal<br>Year Ended | Contractually<br>Required<br>Contributions | Contributions in<br>Relation to the<br>Contractually<br>Required<br>Contributions | Contribution<br>Deficiency<br>(Excess) | Covered<br>Payroll<br>(Fiscal Year) | Contributions as<br>a Percentage of<br>Covered<br>Payroll |
|----------------------|--|---|--|-------------------------------------|---|
| 6/30/15              | \$ 943,469                                 | \$ 943,469  | \$ -                                   | \$ 13,720,429                       | 6.88 %  |
| 6/30/16              | 896,668                                    | 896,668   | -                                      | 13,436,584                          | 6.67  |
| 6/30/17              | 940,975                                    | 940,975   | -                                      | 13,993,931                          | 6.72  |
| 6/30/18              | 971,543                                    | 971,543   | -                                      | 14,414,195                          | 6.74  |
| 6/30/19              | 971,281                                    | 971,281   | -                                      | 14,697,718                          | 6.61  |
| 6/30/20              | 989,343                                    | 989,343   | -                                      | 15,072,528                          | 6.56  |
| 6/30/21              | 1,001,953                                  | 1,001,953   | -                                      | 14,843,639                          | 6.75  |
| 6/30/22              | 1,021,272                                  | 1,021,272   | -                                      | 15,518,351                          | 6.58  |
| 6/30/23              | 1,011,541                                  | 1,011,541   | -                                      | 14,669,531                          | 6.90  |

See accompanying Notes to Required Supplementary Information.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**NOTE 1 WISCONSIN RETIREMENT SYSTEM**

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

*Changes of Assumptions:*

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

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

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

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

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**NOTE 2 OTHER POSTEMPLOYMENT BENEFITS**

Assumptions are consistent with the prior valuation. The amounts reported for each fiscal year were determined as of June 30 of the prior fiscal year.

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

**NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING**

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

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

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

SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023

**NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)**

The District's total General Fund expenditures for the year ended June 30, 2023 were under budget by \$870,192.

**Excess of Expenditures Over Budget Appropriations**

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended June 30, 2023 as follows:

| Funds                              | Excess<br>Expenditures |
|------------------------------------|------------------------|
| General Fund                       |                        |
| Instruction                        |                        |
| Vocational Instruction             | \$ 104,288             |
| Support services                   |                        |
| Pupil Services                     | 65,457                 |
| Instructional Staff Services       | 381,610                |
| General Administration Services    | 132,408                |
| Pupil Transportation Services      | 2,593                  |
| Debt Service                       |                        |
| Interest and Fiscal Charges        | 56,766                 |
| Nonprogram                         |                        |
| General Tuition Payments           | 240,322                |
| Adjustments and Refunds            | 7,850                  |
| Special Education Fund             |                        |
| Support services                   |                        |
| Business Services                  | 424                    |
| Pupil Transportation Services      | 31,197                 |
| Central Services                   | 237                    |
| Nonprogram                         |                        |
| Special Education Tuition Payments | 191,917                |

Excess expenditures were funded with positive variances in other general and special education fund appropriation accounts.

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)**

**Budgetary Information**

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

|   | General       | Special<br>Education |
|---|---------------|----------------------|
| <b>REVENUES</b>   |               |                      |
| Actual Amounts (Budgetary Basis)                        | \$ 32,143,123 | \$ 2,120,676         |
| Reclassification of Special Education Fund              | 2,120,676     | (2,120,676)          |
| Total Revenues  | 34,263,799    | -                    |
| <b>EXPENDITURES</b>                                     |               |                      |
| Actual Amounts (Budgetary Basis)                        | 26,870,834    | 5,017,350            |
| Reclassification of Special Education Fund              | 5,017,350     | (5,017,350)          |
| Total Expenditures                                      | 31,888,184    | -                    |
| <b>EXCESS OF REVENUES OVER (UNDER)<br/>EXPENDITURES</b> |               |                      |
| Actual Amounts (Budgetary Basis)                        | 5,272,289     | (2,896,674)          |
| Reclassification of Special Education Fund              | (2,896,674)   | 2,896,674            |
| Excess of Revenues Over (Under) Expenditures            | 2,375,615     | -                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |               |                      |
| Actual Amounts (Budgetary Basis)                        | (2,896,674)   | 2,896,674            |
| Reclassification of Special Education Fund              | 2,896,674     | (2,896,674)          |
| Total Other Financing Sources (Uses)                    | -             | -                    |
| <b>NET CHANGE IN FUND BALANCE</b>                       |               |                      |
| Actual Amounts (Budgetary Basis)                        | 2,375,615     | -                    |
| <b>FUND BALANCE - JULY 1</b>                            |               |                      |
| Actual Amounts (Budgetary Basis)                        | 9,477,020     | -                    |
| <b>FUND BALANCE - JUNE 30</b>                           |               |                      |
| Actual Amounts (Budgetary Basis)                        | \$ 11,852,635 | \$ -                 |

## SUPPLEMENTARY INFORMATION



**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023**

|  | Special Revenue         |  |                   |                      | Capital Projects                             | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-------------------------|--|-------------------|----------------------|--|--|
|  | Restricted<br>Donations | Title VI<br>American Indian<br>Education | Food<br>Service   | Community<br>Service | Long-Term<br>Capital<br>Improvement<br>Trust |  |
| <b>ASSETS</b>                              |                         |  |                   |                      |  |  |
| Cash and Investments                       | \$ 648,706              | \$ -                                     | \$ 479,074        | \$ 479,820           | \$ 2,018,849                                 | \$ 3,626,449                               |
| Receivables:                               |                         |  |                   |                      |  |  |
| Accounts                                   | 639                     | -  | 822               | -                    | -  | 1,461                                      |
| Due from Other Governments                 | -                       | 54,308                                   | 81,633            | -                    | -  | 135,941                                    |
| Inventories and Prepaid Items              | -                       | -  | 3,084             | -                    | -  | 3,084                                      |
| <b>Total Assets</b>                        | <b>\$ 649,345</b>       | <b>\$ 54,308</b>                         | <b>\$ 564,613</b> | <b>\$ 479,820</b>    | <b>\$ 2,018,849</b>                          | <b>\$ 3,766,935</b>                        |
| <b>LIABILITIES AND FUND BALANCES</b>       |                         |  |                   |                      |  |  |
| Liabilities:                               |                         |  |                   |                      |  |  |
| Accounts Payable                           | \$ 6,362                | \$ 1,939                                 | \$ 111,287        | \$ 12,279            | \$ -   | \$ 131,867                                 |
| Accrued and Other Current Liabilities      | -                       | 1,408                                    | -                 | 1,680                | -  | 3,088                                      |
| Due to Other Funds                         | -                       | 50,961                                   | -                 | -                    | -  | 50,961                                     |
| Unearned Revenues                          | -                       | -  | 17,543            | -                    | -  | 17,543                                     |
| <b>Total Liabilities</b>                   | <b>6,362</b>            | <b>54,308</b>                            | <b>128,830</b>    | <b>13,959</b>        | <b>-</b>                                     | <b>203,459</b>                             |
| Fund Balances:                             |                         |  |                   |                      |  |  |
| Nonspendable                               | -                       | -  | 3,084             | -                    | -  | 3,084                                      |
| Restricted                                 | 642,983                 | -  | 432,699           | 465,861              | 2,018,849                                    | 3,560,392                                  |
| <b>Total Fund Balances</b>                 | <b>642,983</b>          | <b>-</b>                                 | <b>435,783</b>    | <b>465,861</b>       | <b>2,018,849</b>                             | <b>3,563,476</b>                           |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 649,345</b>       | <b>\$ 54,308</b>                         | <b>\$ 564,613</b> | <b>\$ 479,820</b>    | <b>\$ 2,018,849</b>                          | <b>\$ 3,766,935</b>                        |

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

|                                    | Special Revenue         |  |                   |                      | Capital Projects                             | Total<br>Nonmajor<br>Governmental<br>Funds |
|------------------------------------|-------------------------|--|-------------------|----------------------|--|--|
|                                    | Restricted<br>Donations | Title VI<br>American Indian<br>Education | Food<br>Service   | Community<br>Service | Long-Term<br>Capital<br>Improvement<br>Trust |  |
| <b>REVENUES</b>                    |                         |  |                   |                      |  |  |
| Property Taxes                     | \$ -                    | \$ -                                     | \$ -              | \$ 447,414           | \$ -   | \$ 447,414                                 |
| Other Local Sources                | 870,909                 | -  | 601,467           | 39,106               | 34,928                                       | 1,546,410                                  |
| Interdistrict Sources              | -                       | -  | 701               | -                    | -  | 701  |
| State Sources                      | -                       | -  | 33,059            | -                    | -  | 33,059                                     |
| Federal Sources                    | -                       | 132,802                                  | 1,117,636         | -                    | -  | 1,250,438                                  |
| Other Sources                      | -                       | -  | 8,880             | 327                  | -  | 9,207                                      |
| Total Revenues                     | <u>870,909</u>          | <u>132,802</u>                           | <u>1,761,743</u>  | <u>486,847</u>       | <u>34,928</u>                                | <u>3,287,229</u>                           |
| <b>EXPENDITURES</b>                |                         |  |                   |                      |  |  |
| Instruction:                       |                         |  |                   |                      |  |  |
| Regular Instruction                | 73,782                  | -  | -                 | -                    | -  | 73,782                                     |
| Other Instruction                  | 710,761                 | 130,883                                  | -                 | -                    | -  | 841,644                                    |
| Total Instruction                  | <u>784,543</u>          | <u>130,883</u>                           | <u>-</u>          | <u>-</u>             | <u>-</u>                                     | <u>915,426</u>                             |
| Support Services:                  |                         |  |                   |                      |  |  |
| General Administration Services    | -                       | -  | -                 | 263,507              | -  | 263,507                                    |
| Operation and Maintenance of Plant | -                       | -  | 381,232           | 10,000               | 49,124                                       | 440,356                                    |
| Pupil Transportation Services      | 31,517                  | 1,919                                    | -                 | 8,364                | -  | 41,800                                     |
| Food Services                      | -                       | -  | 1,978,991         | -                    | -  | 1,978,991                                  |
| Total Support Services             | <u>31,517</u>           | <u>1,919</u>                             | <u>2,360,223</u>  | <u>281,871</u>       | <u>49,124</u>                                | <u>2,724,654</u>                           |
| Community Service                  | -                       | -  | -                 | 124,377              | -  | 124,377                                    |
| Nonprogram:                        |                         |  |                   |                      |  |  |
| Scholarship Payments               | 8,084                   | -  | -                 | -                    | -  | 8,084                                      |
| Adjustments and Refunds            | 14,053                  | -  | -                 | -                    | -  | 14,053                                     |
| Total Nonprogram                   | <u>22,137</u>           | <u>-</u>                                 | <u>-</u>          | <u>-</u>             | <u>-</u>                                     | <u>22,137</u>                              |
| Total Expenditures                 | <u>838,197</u>          | <u>132,802</u>                           | <u>2,360,223</u>  | <u>406,248</u>       | <u>49,124</u>                                | <u>3,786,594</u>                           |
| <b>NET CHANGE IN FUND BALANCES</b> | 32,712                  | -  | (598,480)         | 80,599               | (14,196)                                     | (499,365)                                  |
| Fund Balances - July 1             | <u>610,271</u>          | <u>-</u>                                 | <u>1,034,263</u>  | <u>385,262</u>       | <u>2,033,045</u>                             | <u>4,062,841</u>                           |
| <b>FUND BALANCES - END OF YEAR</b> | <u>\$ 642,983</u>       | <u>\$ -</u>                              | <u>\$ 435,783</u> | <u>\$ 465,861</u>    | <u>\$ 2,018,849</u>                          | <u>\$ 3,563,476</u>                        |

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF CHARTER SCHOOL AUTHORIZER SERVICES AND COSTS  
YEAR ENDED JUNE 30, 2023**

| <b>SERVICES PROVIDED</b>           | <u>Function</u> |                   |
|------------------------------------|-----------------|-------------------|
| Undifferentiated Curriculum        | 110000          | \$ 356,213        |
| Regular Curriculum                 | 120000          | 3,276             |
| Physical Curriculum                | 140000          | 13,001            |
| Pupil Services                     | 212000          | 8,805             |
| Guidance                           | 213000          | 25,943            |
| Health Services                    | 214000          | 5,380             |
| Psychological Services             | 215000          | 16,089            |
| Other Pupil Services               | 219000          | 3,276             |
| Curriculum Development             | 221200          | 1,082             |
| Instructional Staff Training       | 221300          | 7,312             |
| Instruction Related Technology     | 221500          | 25,351            |
| Noncommon School Funds             | 222000          | 8,981             |
| Other Instructional Staff Services | 229000          | 146               |
| General Administration             | 230000          | 19,438            |
| Building Administration            | 240000          | 46,871            |
| Direction of Business              | 251000          | 1,398             |
| Fiscal                             | 252000          | 12,041            |
| General Operations                 | 253000          | 67,210            |
| Maintenance and Repairs            | 254000          | 6,570             |
| Pupil Transportation               | 256000          | 37,216            |
| Other Business Administration      | 259000          | 5,661             |
| Central Services                   | 260000          | 72                |
| Insurance and Judgments            | 270000          | 8,869             |
| Administrative Technology Services | 295000          | 5,080             |
| Total                              |                 | <u>\$ 685,283</u> |

| <b>OPERATING ACTIVITY</b> | <u>Object</u> |                   |
|---------------------------|---------------|-------------------|
| Employee Salaries         | 100           | \$ 383,716        |
| Employee Benefits         | 200           | 124,158           |
| Purchased Services        | 300           | 142,037           |
| Noncapital Objects        | 400           | 24,694            |
| Capital Objects           | 500           | 1,270             |
| Insurance and Judgments   | 700           | 8,869             |
| Other                     | 900           | 539               |
| Total                     |               | <u>\$ 685,283</u> |

**ADDITIONAL INDEPENDENT AUDITOR'S REPORT  
FOR BASIC FINANCIAL STATEMENTS**



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

Board of Education  
Shawano School District  
Shawano, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Shawano School District, Shawano, Wisconsin (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2023.

**Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

### **Report on Compliance and Other Matters**

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

### **Shawano School District's Response to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
December 7, 2023

## FEDERAL AND STATE AWARDS



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

Board of Education  
Shawano School District  
Shawano, Wisconsin

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

***Qualified and Unmodified Opinions***

We have audited Shawano School District, Shawano, Wisconsin's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Qualified Opinion on Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the year ended June 30, 2023.

***Unmodified Opinion on Each of the Other Major Federal and State Programs***

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 other major federal and state programs identified in the summary of auditors' result section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

***Basis for Qualified and Unmodified Opinions***

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



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

***Matters Giving Rise to Qualified Opinion on Child Nutrition Cluster***

As described in the accompanying schedule of findings and questioned costs, Shawano School District did not comply with requirements regarding the Child Nutrition Cluster as described in finding number 2023-004 for Procurement, Suspension, and Debarment. Compliance with such requirements is necessary, in our opinion, for Shawano School District to comply with the requirements applicable to that program.

***Responsibilities of Management for Compliance***

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

***Auditors' Responsibilities for the Audit of Compliance***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with the *State Single Audit Guidelines* and which is described in the accompanying schedule of findings and questioned costs as items 2023-005 and 2023-006. Our opinion on each major federal and state program is not modified with respect to this matter.

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

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and significant deficiencies.

*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 and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 to be a material weakness.

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 and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-005 and 2023-006 to be significant deficiencies.

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

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

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 *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Green Bay, Wisconsin  
December 7, 2023

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

| Federal Grantor/Program or Cluster Title                                | Federal Assistance Listing Number | Pass-Through Agency | Pass-Through Entity Identifying Number | (Accrued) Deferred Revenue 7/1/22 | Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/23 | Total Expenditures | Subrecipient Payments |
|---|-----------------------------------|---------------------|--|-----------------------------------|--------------------------|------------------------------------|--------------------|-----------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                   |                                   |                     |  |                                   |                          |                                    |                    |                       |
| Child Nutrition Cluster:  |                                   |                     |  |                                   |                          |                                    |                    |                       |
| COVID-19 School Breakfast Program                                       | 10.553                            | WI DPI              | 2022-585264-DPI-SB-SEVERE-546          | \$ (6,213)                        | \$ 6,213                 | \$ -                               | \$ -               | \$ -                  |
| School Breakfast Program  | 10.553                            | WI DPI              | 2023-585264-DPI-SB-SEVERE-546          | -                                 | 163,987                  | 4,994                              | 168,981            | -                     |
| Total School Breakfast Program  |                                   |                     |  | <u>(6,213)</u>                    | <u>170,200</u>           | <u>4,994</u>                       | <u>168,981</u>     | <u>-</u>              |
| National School Lunch Program   |                                   |                     |  |                                   |                          |                                    |                    |                       |
| COVID-19 National School Lunch Program                                  | 10.555                            | WI DPI              | 2022-585264-DPI-NSL-547                | (18,715)                          | 18,715                   | -                                  | -                  | -                     |
| National School Lunch Program   | 10.555                            | WI DPI              | 2023-585264-DPI-NSL-547                | -                                 | 701,738                  | 17,647                             | 719,385            | -                     |
| National School Lunch Area Eligible Snack Program                       | 10.555                            | WI DPI              | 2023-585264-DPI-SK-NSLAE-561           | -                                 | 5,267                    | 406                                | 5,673              | -                     |
| Donated Commodities 22-23   | 10.555                            | WI DPI              | N/A                                    | -                                 | 145,824                  | -                                  | 145,824            | -                     |
| Total National School Lunch Program                                     |                                   |                     |  | <u>(18,715)</u>                   | <u>871,544</u>           | <u>18,053</u>                      | <u>870,882</u>     | <u>-</u>              |
| COVID-19 Summer Food Service Program for Children                       |                                   |                     |  |                                   |                          |                                    |                    |                       |
| Summer Food Service Program for Children                                | 10.559                            | WI DPI              | 2022-585264-DPI-SFSP-561               | (61,083)                          | 61,083                   | -                                  | -                  | -                     |
| Summer Food Service Program for Children                                | 10.559                            | WI DPI              | 2023-585264-DPI-SFSP-561               | -                                 | 19,186                   | 58,587                             | 77,773             | -                     |
| Total Summer Food Service Program for Children                          |                                   |                     |  | <u>(61,083)</u>                   | <u>80,269</u>            | <u>58,587</u>                      | <u>77,773</u>      | <u>-</u>              |
| Total Child Nutrition Cluster and U.S. Department of Agriculture        |                                   |                     |  | <u>(86,011)</u>                   | <u>1,122,013</u>         | <u>81,634</u>                      | <u>1,117,636</u>   | <u>-</u>              |
| <b>FEDERAL COMMUNICATIONS COMMISSION</b>                                |                                   |                     |  |                                   |                          |                                    |                    |                       |
| Emergency Connectivity Fund Program                                     | 32.009                            | Direct              | ECF202111935                           | -                                 | 269,790                  | -                                  | 269,790            | -                     |
| Total Emergency Connectivity Fund and Federal Communications Commission |                                   |                     |  | <u>-</u>                          | <u>269,790</u>           | <u>-</u>                           | <u>269,790</u>     | <u>-</u>              |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                                     |                                   |                     |  |                                   |                          |                                    |                    |                       |
| Title I Grants to Local Educational Agencies                            |                                   |                     |  |                                   |                          |                                    |                    |                       |
| Title I Grants to Local Educational Agencies                            | 84.010                            | WI DPI              | 2022-585264-DPI-TIA-141                | (198,503)                         | 198,503                  | -                                  | -                  | -                     |
| Title I Grants to Local Educational Agencies                            | 84.010                            | WI DPI              | 2023-585264-DPI-TIA-141                | -                                 | 279,496                  | 163,058                            | 442,554            | -                     |
| Total Title I Grants to Local Educational Agencies                      |                                   |                     |  | <u>(198,503)</u>                  | <u>477,999</u>           | <u>163,058</u>                     | <u>442,554</u>     | <u>-</u>              |
| Special Education Cluster (IDEA):                                       |                                   |                     |  |                                   |                          |                                    |                    |                       |
| Special Education Grants to States                                      | 84.027                            | WI DPI              | 2022-585264-DPI-ES3-342                | (6,524)                           | 6,524                    | -                                  | -                  | -                     |
| Special Education Grants to States                                      | 84.027                            | WI DPI              | 2022-585264-DPI-FLOW-341               | (328,510)                         | 328,510                  | -                                  | -                  | -                     |
| Special Education Grants to States                                      | 84.027                            | WI DPI              | 2023-585264-DPI-FLOW-341               | -                                 | 481,292                  | (79,940)                           | 401,352            | -                     |
| Total Special Education Grants to States                                |                                   |                     |  | <u>(335,034)</u>                  | <u>816,326</u>           | <u>(79,940)</u>                    | <u>401,352</u>     | <u>-</u>              |
| Special Education Preschool Grants                                      |                                   |                     |  |                                   |                          |                                    |                    |                       |
| Special Education Preschool Grants                                      | 84.173                            | WI DPI              | 2022-585264-DPI-PRESCH-347             | (16,940)                          | 16,940                   | -                                  | -                  | -                     |
| Special Education Preschool Grants                                      | 84.173                            | WI DPI              | 2023-585264-DPI-PRESCH-347             | -                                 | 10,958                   | 13,159                             | 24,117             | -                     |
| Total Special Education Preschool Grants                                |                                   |                     |  | <u>(16,940)</u>                   | <u>27,898</u>            | <u>13,159</u>                      | <u>24,117</u>      | <u>-</u>              |
| Total Special Education Cluster (IDEA)                                  |                                   |                     |  | <u>(351,974)</u>                  | <u>844,224</u>           | <u>(66,781)</u>                    | <u>425,469</u>     | <u>-</u>              |
| Career and Technical Education - Basic Grants to States                 |                                   |                     |  |                                   |                          |                                    |                    |                       |
| Title VII American Indian Education                                     | 84.048                            | CESA #8             | N/A                                    | -                                 | 14,000                   | (7,448)                            | 6,552              | -                     |
| Education for Homeless Children and Youth                               | 84.060                            | Direct Program      | S060A222137                            | (23,271)                          | 101,801                  | 54,272                             | 132,802            | -                     |
| Education for Homeless Children and Youth                               | 84.196A                           | WI DPI              | 2023-585264-DPI-EHCY-335               | -                                 | -                        | 9,847                              | 9,847              | -                     |

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

| Federal Grantor/Program or Cluster Title  | Federal Assistance Listing Number | Pass-Through Agency | Pass-Through Entity Identifying Number | (Accrued) Deferred Revenue 7/1/22 | Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/23 | Total Expenditures  | Subrecipient Payments |
|---|-----------------------------------|---------------------|--|-----------------------------------|--------------------------|------------------------------------|---------------------|-----------------------|
| <b>U.S. DEPARTMENT OF EDUCATION (CONTINUED)</b>   |                                   |                     |  |                                   |                          |                                    |                     |                       |
| Improving Teacher Quality State Grants  | 84.367                            | WI DPI              | 2022-585264-DPI-TIIA-365               | (78,583)                          | 78,583                   | -                                  | -                   | -                     |
| Improving Teacher Quality State Grants  | 84.367                            | WI DPI              | 2023-585264-DPI-TIIA-365               | -                                 | 43,661                   | 14,381                             | 58,042              | -                     |
| Total Improving Teacher Quality State Grants  |                                   |                     |  | (78,583)                          | 122,244                  | 14,381                             | 58,042              | -                     |
| Student Support and Academic Enrichment Program   | 84.424                            | WI DPI              | 2022-585264-DPI-TIVA-381               | (51,476)                          | 51,476                   | -                                  | -                   | -                     |
| Student Support and Academic Enrichment Program   | 84.424                            | WI DPI              | 2023-585264-DPI-TIVA-381               | -                                 | 28,451                   | -                                  | 28,451              | -                     |
| Total Student Support and Academic Enrichment Program   |                                   |                     |  | (51,476)                          | 79,927                   | -                                  | 28,451              | -                     |
| Education Stabilization Fund  |                                   |                     |  |                                   |                          |                                    |                     |                       |
| COVID 19 - Elementary and Secondary School Emergency Relief   | 84.425D                           | WI DPI              | 2022-585264-DPI-ESSERFII-163           | (185,177)                         | 185,177                  | -                                  | -                   | -                     |
| COVID 19 - Elementary and Secondary School Emergency Relief   | 84.425D                           | WI DPI              | 2022-585264-DPI-ESSERFII-163           | -                                 | 161,042                  | 200,851                            | 361,893             | -                     |
| COVID 19 - ARPA-General Education   | 84.425U                           | WI DPI              | 2022-585264-DPI-ESSERFIII-165          | -                                 | 311,357                  | 320,865                            | 632,222             | -                     |
| COVID 19 - APRA-ARP HCY   | 84.425W                           | WI DPI              | 2022-585264-DPI-ARPHCYI-168            | -                                 | 18,258                   | 3,252                              | 21,510              | -                     |
| Total Education Stabilization Fund  |                                   |                     |  | (185,177)                         | 675,834                  | 524,968                            | 1,015,625           | -                     |
| Total U.S. Department of Education  |                                   |                     |  | (888,984)                         | 2,316,029                | 692,297                            | 2,119,342           | -                     |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>   |                                   |                     |  |                                   |                          |                                    |                     |                       |
| Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 93.354                            | CESA #8             | N/A                                    | -                                 | 9,942                    | -                                  | 9,942               | -                     |
| Medicaid Cluster:   |                                   |                     |  |                                   |                          |                                    |                     |                       |
| Medical Assistance Program  | 93.778                            | WI DHS              | 44206000                               | (1,782)                           | 334,708                  | 4,012                              | 336,938             | -                     |
| Total Medicaid Cluster  |                                   |                     |  | (1,782)                           | 334,708                  | 4,012                              | 336,938             | -                     |
| Total U.S. Department of Health and Human Services  |                                   |                     |  | (1,782)                           | 344,650                  | 4,012                              | 346,880             | -                     |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>   |                                   |                     |  | <u>\$ (976,777)</u>               | <u>\$ 4,052,482</u>      | <u>\$ 777,943</u>                  | <u>\$ 3,853,648</u> | <u>\$ -</u>           |
| Reconciliation to the Basic Financial Statements:   |                                   |                     |  |                                   |                          |                                    |                     |                       |
| Federal Sources   |                                   |                     |  |                                   |                          |                                    | \$ 4,088,082        |                       |
| Federal awards included in intermediate sources   |                                   |                     |  |                                   |                          |                                    | 16,494              |                       |
| Less: Federal Sources not Considered Federal Financial Assistance   |                                   |                     |  |                                   |                          |                                    |                     |                       |
| MHA Sources of Strength   |                                   |                     |  |                                   |                          |                                    | (3,511)             |                       |
| Get Kids Ahead Funds  |                                   |                     |  |                                   |                          |                                    | (40,233)            |                       |
| Back to School Supplement Aid Payment   |                                   |                     |  |                                   |                          |                                    | (207,184)           |                       |
| Total Expenditures of Federal Awards  |                                   |                     |  |                                   |                          |                                    | <u>\$ 3,853,648</u> |                       |

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED JUNE 30, 2023**

| Grantor Agency/State Program Title                | State I.D.<br>Number | Pass-Through<br>Agency | State<br>Identifying<br>Number | (Accrued)<br>Deferred<br>Revenue<br>7/1/22 | Cash<br>Received<br>(Refunded) | Accrued<br>(Deferred)<br>Revenue<br>6/30/23 | Total<br>Expenditures | Subrecipient<br>Payments |
|---|----------------------|------------------------|--------------------------------|--|--------------------------------|---|-----------------------|--------------------------|
| <b>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</b> |                      |                        |                                |  |                                |   |                       |                          |
| Special Education and School Age Parents          | 255.101              | Direct Program         | 585264-100                     | \$ -                                       | \$ 1,257,725                   | \$ -  | \$ 1,257,725          | \$ -                     |
| Handicapped Aid                                   | 255.101              | CESA #8                | N/A                            | -  | 51,387                         | -   | 51,387                | -                        |
| State School Lunch Aid                            | 255.102              | Direct Program         | 585264-107                     | -  | 12,710                         | -   | 12,710                | -                        |
| Common School Fund Library Aid                    | 255.103              | Direct Program         | 585264-104                     | -  | 135,037                        | -   | 135,037               | -                        |
| General Transportation Aid                        | 255.107              | Direct Program         | 585264-102                     | -  | 60,271                         | -   | 60,271                | -                        |
| WI School Day Milk Program                        | 255.115              | Direct Program         | 585264-109                     | -  | 12,926                         | -   | 12,926                | -                        |
| Equalization Aids                                 | 255.201              | Direct Program         | 585264-116                     | -  | 17,255,248                     | -   | 17,255,248            | -                        |
| High Cost Special Education Aid                   | 255.210              | Direct Program         | 585264-119                     | -  | 27,435                         | -   | 27,435                | -                        |
| Aid for School Mental Health Programs             | 255.227              | Direct Program         | 585264-176                     | (84,269)                                   | 183,016                        | -   | 98,747                | -                        |
| Peer to Peer Suicide Prevention Grant             | 255.246              | Direct Program         | 585264-246                     | -  | -                              | 1,000                                       | 1,000                 | -                        |
| School Based Mental Health Services               | 255.297              | Direct Program         | 585264-177                     | (65,397)                                   | 65,397                         | 84,603                                      | 84,603                | -                        |
| State School Breakfast Aid                        | 255.344              | Direct Program         | 585264-108                     | -  | 7,423                          | -   | 7,423                 | -                        |
| Achievement Gap Reduction                         | 255.504              | Direct Program         | 585264-160                     | -  | 829,458                        | -   | 829,458               | -                        |
| Aid for High Poverty School District              | 255.926              | Direct Program         | 585264-121                     | -  | 126,352                        | -   | 126,352               | -                        |
| Educator Effective Evaluation System              | 255.940              | Direct Program         | 585264-154                     | -  | 33,200                         | -   | 33,200                | -                        |
| Per Pupil Aid                                     | 255.945              | Direct Program         | 585264-113                     | -  | 1,648,724                      | -   | 1,648,724             | -                        |
| Career and Technical Education Incentive Grants   | 255.950              | Direct Program         | 585264-152                     | -  | 46,204                         | (9,886)                                     | 36,318                | -                        |
| Assessments of Reading Readiness                  | 255.956              | Direct Program         | 585264-166                     | -  | 6,238                          | -   | 6,238                 | -                        |
| Aid for Special Ed Transition Grant BBL           | 255.960              | Direct Program         | 585264-168                     | -  | 12,420                         | -   | 12,420                | -                        |
| Total Wisconsin Department of Public Instruction  |                      |                        |                                | (149,666)                                  | 21,771,171                     | 75,717                                      | 21,697,222            | -                        |
| <b>TOTAL STATE PROGRAMS</b>                       |                      |                        |                                | <u>\$ (149,666)</u>                        | <u>\$ 21,771,171</u>           | <u>\$ 75,717</u>                            | <u>\$ 21,697,222</u>  | <u>\$ -</u>              |

Reconciliation to the Basic Financial Statements:

|   |                      |
|---|----------------------|
| State Sources   | \$ 21,760,908        |
| State Awards Included in Intermediate Sources                 | 51,387               |
| Less: State Sources not Considered State Financial Assistance |                      |
| TEACH Infrastructure Grant                                    | (21,665)             |
| State Tax Computer and Personal Property Aid                  | (72,801)             |
| Payment in Lieu of Taxes and Other Revenues                   | (20,607)             |
| Total Expenditures of State Awards                            | <u>\$ 21,697,222</u> |

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

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED JUNE 30, 2023**

**NOTE 1 BASIS OF PRESENTATION**

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

The schedules of expenditures of federal and state awards include all federal and state awards of the District for the year ended June 30, 2023. 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 or changes in net position of the District.

**NOTE 2 SIGNIFICANT ACCOUNTING POLICIES**

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2023 fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *State Single Audit Guidelines*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

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

**NOTE 3 FOOD DISTRIBUTION**

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

**NOTE 4 OVERSIGHT AGENCIES**

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

Federal – U.S. Department of Education  
State – Wisconsin Department of Public Instruction

SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023

**Section I – Summary of Auditors’ Results**

**Financial Statements**

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

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified?     x     yes            no
  - Significant deficiency(ies) identified?     x     yes            none reported
2. Type of auditors’ report issued on compliance for major federal programs: Qualified for Child Nutrition Cluster; Unmodified for COVID-19 Elementary and Secondary School Emergency Relief
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?     x     yes            no

**Identification of Major Federal Programs**

**Assistance Listing Number(s)**

10.553  
10.555  
10.559  
  
84.425

**Name of Federal Program or Cluster**

*Child Nutrition Cluster:*  
School Breakfast Program  
National School Lunch Program  
Summer Food Service Program for Children  
  
COVID-19 Elementary and Secondary School  
Emergency Relief

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

\$     750,000    

Auditee qualified as low-risk auditee?

    x     yes            no



SHAWANO SCHOOL DISTRICT  
 SHAWANO, WISCONSIN  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2023

**Section I – Summary of Auditors’ Results (Continued)**

**State Financial Assistance**

1. Internal control over state projects:

- Material weakness(es) identified?                    \_\_\_\_\_ yes                          x       no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?                    \_\_\_\_\_ yes                          x       none reported

2. Type of auditors’ report issued on compliance for state projects:                    Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with state requirements?                    \_\_\_\_\_ yes                          x       no

**Identification of Major State Programs**

**State ID Number(s)**

255.201  
 255.504  
 255.926

**Name of State Program**

Equalization Aids  
 Achievement Gap Reduction  
 Aid for High Poverty School District

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

State Awards                    \$   250,000  

Auditee qualified as low-risk auditee?                          x       yes                    \_\_\_\_\_ no

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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***Section II – Financial Statement Findings***

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| <b>Finding Number</b>   | <b>Control Deficiencies</b>  |
|---|--|
| 2023-001  | Preparation of Annual Financial Report   |
| Type of Finding:  | Significant Deficiency in Internal Control Over Financial Reporting  |
| Condition:  | Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the District had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate. |
| Criteria or Specific Requirement:                             | The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect, and correct a potential omission or misstatement in the financial statements or notes or other required State Financial reports.  |
| Cause:  | District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits.  |
| Effect:   | Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America.  |
| Repeat Finding:   | 2022-001   |
| Recommendation:   | We recommend the District continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the District's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report.  |
| View of Responsible Officials and Planned Corrective Actions: | There is no disagreement with this audit finding. See corrective action plan.  |

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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***Section II – Financial Statement Findings (Continued)***

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| <b>Finding Number</b>   | <b>Control Deficiencies</b>  |
|---|--|
| 2023-002  | Segregation of Duties  |
| Type of Finding:  | Significant Deficiency in Internal Control Over Financial Reporting  |
| Condition:  | The District has a limited number of employees to essentially complete all financial and recordkeeping duties of the District. Accordingly, this does not allow for a proper segregation of duties for internal control purpose.   |
| Criteria or Specific Requirement:                             | Segregation of duties is an internal control intended to prevent or decrease the occurrence of errors or intentional fraud. Segregation of duties ensures that no single employee has control over all phases of a transaction.  |
| Cause:  | The lack of segregation of duties is due to the limited number of employees and the size of the District's operation. In addition, the District has experienced turn-over within the Business Office during the fiscal year resulting in a temporary lack of segregation of duties over the bank reconciliation and journal entry processes. The District has not completed a formal risk assessment and review of internal controls to identify additional mitigating and compensating controls which could be implemented to reduce the risk of errors or intentional fraud. |
| Effect:   | Errors or intentional fraud could occur and not be detected timely by other employees in the normal course of their responsibilities as a result of the lack of segregation of duties.   |
| Repeat Finding:   | No   |
| Recommendation:   | We recommend that the District Board continue to monitor the transactions and the financial records of the District. We recommend the District perform a risk assessment of its operation and current procedures to identify and implement mitigating controls to reduce the risk of errors and intentional fraud, with an emphasis on creating a contingency plan during transitional periods.  |
| View of Responsible Officials and Planned Corrective Actions: | There is no disagreement with this audit finding. See corrective action plan.  |

SHAWANO SCHOOL DISTRICT  
 SHAWANO, WISCONSIN  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 YEAR ENDED JUNE 30, 2023

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***Section II – Financial Statement Findings (Continued)***

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| <b>Finding Number</b>   | <b>Control Deficiencies</b>  |
|---|--|
| 2023-003  | Material Adjustments   |
| Type of Finding:  | Material Weakness in Internal Control over Financial Reporting   |
| Condition:  | As part of our audit, we proposed adjusting journal entries that were material to the District's financial statements.   |
| Criteria or Specific Requirement:                             | Material adjusting journal entries proposed by the auditors are considered to be an internal control deficiency.   |
| Cause:  | While District staff maintains financial records which accurately report revenues and expenditures through the year, preparing year-end adjusting and closing entries requires additional expertise that would entail additional training and staff time to develop. |
| Effect:   | Year-end financial records prepared by the District may contain material misstatements.  |
| Repeat Finding:   | No   |
| Recommendation:   | We recommend the District designate an individual to obtain additional training in order to prepare the adjusting and closing entries. We are available to assist the individual in obtaining the understanding to prepare these entries.                            |
| View of Responsible Officials and Planned Corrective Actions: | There is no disagreement with this audit finding. See corrective action plan.  |

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

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***Section III – Findings and Questioned Costs – Major Federal and State Programs***

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| <b>Finding Number</b>             | <b>Control Deficiencies</b>   |
|-----------------------------------|---|
| 2023-004                          | <p>Federal Agency: United States Department of Agriculture<br/>           Federal Program Name: Child Nutrition Cluster<br/>           Assistance Listing Number: 10.553, 10.555, 10.559<br/>           Pass-Through Agency: Wisconsin Department of Public Instruction<br/>           Pass-Through Number: N/A<br/>           Award Period: 07/01/2022 – 06/30/2023<br/>           Compliance Requirement Affected: Procurement, Suspension and Debarment</p>  |
| Type of Finding:                  | Material Weakness in Internal Control over Compliance, Qualification  |
| Condition:                        | During our testing of procurement transactions of the program, we noted that the District was not consistently following their procurement policy, specifically related to small purchases and one project exceeding the \$250,000 threshold. These purchases were not supported by an adequate number of quotes (at least two) or proposals to ensure the District is prudent with the monies used towards the program. Additionally, we noted the District does not have procedures in place for verifying that vendors are not debarred, suspended or otherwise excluded.  |
| Context:                          | During our testing of procurement transactions of the program, we noted that the District was not consistently following the procurement policy, specifically related to small purchases and one project exceeding the \$250,000 threshold. In our sample of sixteen vendors subject to procurement requirements, we noted the District did not obtain and/or retain documentation for an adequate number of price quotes for two vendors. In our testing of suspension and debarment, we noted that the District did not retain documentation related to suspension and debarment for two of the three vendors that were selected for testing. |
| Criteria or Specific Requirement: | 2 CFR 200.320 Methods of Procurement state that if the small purchases method is used, price or rate quotations must be obtained from an adequate number of qualified sources (at least 2) and that the procurement is vendor aggregate, not single item. Proposals must be solicited from an adequate number of qualified offerors. For purchases greater than \$250,000, either a sealed bid or proposal is required.   |
| Cause:                            | The District did not follow their Federal Funds Procurement and Suspension and Debarment Policy related to appropriate methods of procurement and suspension and debarment.   |
| Effect:                           | Obtaining price quotes and proposals from an adequate number of vendors allows the District to use federal funds in the most fiscally responsible way. The lack of price quotes or proposals may cause the District to overpay for supplies or services.  |
| Repeat Finding:                   | No  |
| Recommendation:                   | We recommend the District review procedures to ensure that the District's procurement policy is consistently followed.  |
| View of Responsible Officials:    | There is no disagreement with this audit finding. See corrective action plan.   |

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

***Section III – Findings and Questioned Costs – Major Federal and State Programs (Continued)***

| <b>Finding Number</b>             | <b>Control Deficiencies</b>  |
|-----------------------------------|--|
| 2023-005                          | <p>Federal Agency: United States Department of Agriculture<br/>           Federal Program Name: Child Nutrition Cluster<br/>           Assistance Listing Number: 10.553, 10.555, 10.559<br/>           Pass-Through Agency: Wisconsin Department of Public Instruction<br/>           Pass-Through Number: N/A<br/>           Award Period: 07/01/2022 – 06/30/2023<br/>           Compliance Requirement Affected: Eligibility</p>   |
| Type of Finding:                  | Significant Deficiency in Internal Control over Compliance   |
| Condition:                        | During our testing of eligibility, we noted a deviation in the number of individuals living within said household resulting in an increase in an inaccurate determination of eligibility per the federal guidelines. This resulted in an assessment of reduced lunch when the full fee lunch would have been the correct result.   |
| Context:                          | During our testing of eligibility, we noted that the District had made an incorrect determination for one of forty individuals tested. The District's assessment of reduced lunch should have been full fee lunch based on the number of individuals in the household, resulting in an incorrect count for reduced fee claims.   |
| Criteria or Specific Requirement: | Children in attendance are entitled to receive program benefits which include free or reduced lunch, if households meet stated income eligibility criteria per federal Income Eligibility Guidelines published in the Federal Register. Completed applications are reviewed for eligibility based on income and number of individuals in the household application. The District reviews the applications and makes the determination as to whether a student is to receive free, reduced or full fee lunch. |
| Cause:                            | The District experienced turnover in the eligibility determination role for free and reduced lunch, during and after an employee leave of absence. The District identified a resource to subsequently assume responsibilities and has received additional training and implemented appropriate procedures on a go forward basis.   |
| Effect:                           | The District incorrectly identified one individual as eligible for reduced lunch when a full fee determination should have been made. For meals consumed by this one individual, the count would have been incorrect.  |
| Repeat Finding:                   | No   |
| Recommendation:                   | We recommend the District continue to enhance procedures and controls over the eligibility requirement with adequate oversight and cross-training for additional individuals knowledgeable of its requirements.  |
| View of Responsible Officials:    | There is no disagreement with this audit finding. See corrective action plan.  |

**SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

***Section III – Findings and Questioned Costs – Major Federal and State Programs (Continued)***

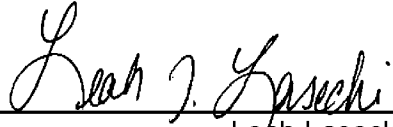
| <b>Finding Number</b>             | <b>Control Deficiencies</b>  |
|-----------------------------------|--|
| 2023-006                          | <p>Federal Agency: United States Department of Agriculture<br/>           Federal Program Name: Child Nutrition Cluster<br/>           Assistance Listing Number: 10.553, 10.555, 10.559<br/>           Pass-Through Agency: Wisconsin Department of Public Instruction<br/>           Pass-Through Number: N/A<br/>           Award Period: 07/01/2022 – 06/30/2023<br/>           Compliance Requirement Affected: Special Tests and Provisions–Verification of Applications</p> |
| Type of Finding:                  | Significant Deficiency in Internal Control over Compliance   |
| Condition:                        | The District performed the required verification process, however, a categorically eligible individual was inadvertently included in the sample. As the application should have been excluded, the District did not verify the required number of applications.  |
| Context:                          | During our testing of the verification process, it was determined that one of the three selected applications was not excluded from the required sample based on categorical eligibility. This resulted in the required verification percentage to not be met.   |
| Criteria or Specific Requirement: | The District is required to verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals as of October 1 and completed by November 15.   |
| Cause:                            | The District experienced turnover in the eligibility determination role for free and reduced lunch. As such, the procedures performed were based on the understanding of the new employee who has since attended and received additional training and has implemented appropriate procedures on a go forward basis.  |
| Effect:                           | The District may have households that were not eligible for free or reduced lunch receive this benefit as well as the reverse with eligible households charged full fee, based on the required percentage of applications not reviewed during the verification process.  |
| Repeat Finding:                   | No   |
| Recommendation:                   | We recommend the District continue to enhance procedures and controls over the verification compliance requirement with adequate oversight and cross-training for additional individuals knowledgeable of its requirements.  |
| View of Responsible Officials:    | There is no disagreement with this audit finding. See corrective action plan.  |

SHAWANO SCHOOL DISTRICT  
SHAWANO, WISCONSIN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2023

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*Section IV – Other Issues*

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- |   |  |
|---|--|
| 1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern?  | No   |
| 2. Does the audit report show audit issues (i.e. material noncompliance, nonmaterial noncompliance, questioned cost, material weakness, significant deficiencies, management letter comment, excess revenue or excess reserve) related to grant/contracts with funding agencies that require audits to be in accordance with <i>the State Single Audit Guidelines</i> : |  |
| Department of Health Services   | No   |
| Department of Public Instruction  | Yes  |
| 3. Was a Management Letter or other document conveying audit comments issued as a result of this audit?   | No   |
| 4. Name and signature of principal  | <br>_____<br>Leah Lasecki, CPA |
| 5. Date of report   | December 7, 2023   |





CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAglobal.com/disclaimer](http://CLAglobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

**Form of Continuing Disclosure Certificate**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Shawano School District, Shawano County, Wisconsin (the "Issuer") in connection with the issuance of \$14,000,000 General Obligation School Facility Improvement Bonds, Series 2024, dated December 30, 2024 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on August 12, 2024 and December 9, 2024 (collectively, the "Resolution") and delivered to \_\_\_\_\_ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

**Section 1(a). Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

**Section 1(b). Filing Requirements.** Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at [www.emma.msrb.org](http://www.emma.msrb.org) in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

**Section 2. Definitions.** In addition to the defined terms set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the Issuer's annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the Issuer intends to continue to prepare in substantially the same form.

"Final Official Statement" means the Official Statement dated December 9, 2024 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"Governing Body" means the School Board of the Issuer or such other body as may hereafter be the chief legislative body of the Issuer.

"Issuer" means the Shawano School District, Shawano County, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the District Administrator of the Issuer who can be contacted at 218 County Road B, Shawano, Wisconsin 54166, phone (715) 526-3194, fax (715) 526-6072.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means any of the original underwriter(s) of the Securities (including the Purchaser) required to comply with the Rule in connection with the offering of the Securities.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and official interpretations thereof.

"SEC" means the Securities and Exchange Commission.

### Section 3. Provision of Annual Report and Audited Financial Statements.

(a) The Issuer shall, not later than 270 days after the end of the Fiscal Year, commencing with the year ending June 30, 2024, provide the MSRB with an Annual Report filed in accordance with Section 1(b) of this Disclosure Certificate and which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report and that, if Audited Financial Statements are not available within 270 days after the end of the Fiscal Year, unaudited financial information will be provided, and Audited Financial Statements will be submitted to the MSRB when and if available.

(b) If the Issuer is unable or fails to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send in a timely manner a notice of that fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference the Audited Financial Statements and updates of the following sections of the Final Official Statement to the extent such financial information and operating data are not included in the Audited Financial Statements:

1. TAX LEVIES, RATES AND COLLECTIONS
2. EQUALIZED VALUATIONS
3. INDEBTEDNESS OF THE DISTRICT - Direct Long-Term Indebtedness

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet website or filed with the SEC. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;

13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

For the purposes of the event identified in subsection (a)12. above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(b) When a Listed Event occurs, the Issuer shall, in a timely manner not in excess of ten business days after the occurrence of the Listed Event, file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Securities pursuant to the Resolution.

(c) Unless otherwise required by law, the Issuer shall submit the information in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

**Section 6. Termination of Reporting Obligation.** The Issuer's obligations under the Resolution and this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all the Securities.

Section 7. Issuer Contact; Agent. Information may be obtained from the Issuer Contact. Additionally, the Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolution and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of the Resolution or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the following conditions are met:

(a)(i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Issuer, or the type of business conducted; or

(ii) This Disclosure Certificate, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of beneficial owners of the Securities, as determined and certified to the Issuer by an underwriter, financial advisor, bond counsel or trustee.

In the event this Disclosure Certificate is amended for any reason other than to cure any ambiguities, inconsistencies, or typographical errors that may be contained herein, the Issuer agrees the next Annual Report it submits after such amendment shall include an explanation of the reasons for the amendment and the impact of the change, if any, on the type of financial statements or operating data being provided.

If the amendment concerns the accounting principles to be followed in preparing financial statements, then the Issuer agrees that it will give an event notice and that the next Annual Report it submits after such amendment will include a comparison between financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. (a) Except as described in the Final Official Statement, in the previous five years, the Issuer has not failed to comply in all material respects with any previous undertakings under the Rule to provide annual reports or notices of events.

(b) In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any holder of the Securities may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolution and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Securities and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters and holders from time to time of the Securities, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 30th day of December, 2024.

(SEAL)

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Michael Musolff  
District President

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Jeana Winslow  
District Clerk



**Official Notice of Sale and Bid Form**

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**OFFICIAL NOTICE OF SALE**

**AND**

**BID FORM**

**FOR**

**SHAWANO SCHOOL DISTRICT**

**SHAWANO COUNTY, WISCONSIN**

**\$14,000,000\* GENERAL OBLIGATION SCHOOL FACILITY IMPROVEMENT BONDS, SERIES 2024**

DATE AND TIME: December 9, 2024  
10:00 a.m.  
Central Standard Time

PLACE: PMA Securities, LLC  
770 N. Jefferson Street, Suite 200  
Milwaukee, Wisconsin 53202  
Attention: Phil Hohlweck  
Phone: (414) 436-1943  
E-Mail: [compbidWI@pmanetwork.com](mailto:compbidWI@pmanetwork.com)

FORM OF BIDDING: Electronic or via e-mail, as described herein.

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\* Preliminary, subject to change.

**OFFICIAL NOTICE OF SALE**

**SHAWANO SCHOOL DISTRICT  
SHAWANO COUNTY, WISCONSIN**

**\$14,000,000\* GENERAL OBLIGATION SCHOOL FACILITY IMPROVEMENT BONDS, SERIES 2024**

NOTICE IS HEREBY GIVEN that the School Board (the “Board”) of the Shawano School District, Shawano County, Wisconsin (the “District”), will receive bids either (i) electronically via **Parity®** or (ii) sent via e-mail to [compbidWI@pmanetwork.com](mailto:compbidWI@pmanetwork.com) (each as more fully described below), for the purchase of its \$14,000,000\* General Obligation School Facility Improvement Bonds, Series 2024 (the “Bonds”), on an all or none basis at the following time and place:

DATE AND TIME: 10:00 a.m.  
Central Standard Time  
December 9, 2024

PLACE: Offices of the District’s Municipal Advisor:  
PMA Securities, LLC (the “Municipal Advisor”)  
770 N. Jefferson Street, Suite 200  
Milwaukee, Wisconsin 53202

AWARD OF BONDS: Bids will be publicly announced at the above time and place. Unless all bids are rejected, award will be made by a notification of sale to the bidder offering the lowest true interest cost (“TIC”) to the District.

**The Bonds**

Proceeds of the Bonds will be used to pay (i) a portion of the cost of school facility improvement project consisting of: construction of additions and renovations at Shawano Community High School, including for classrooms, technical education, performing arts, physical education and the swimming pool; construction of and improvements to outdoor athletic fields and facilities at the High School; district-wide capital maintenance, building infrastructure, systems and site improvements; remodeling at Olga Brener Intermediate School, including for classrooms and district administration relocation; and acquisition of furnishings, fixtures and equipment, and (ii) certain costs associated with the issuance of the Bonds.

The Bonds are being issued pursuant to Chapter 67 of the Wisconsin Statutes, an initial resolution adopted by the Board on August 12, 2024, which was approved at referendum on November 5, 2024 and a resolution to be adopted by the Board on December 9, 2024. The Bonds will be general obligations of the District for which its full faith and credit and taxing powers are pledged which taxes may, under current law, be levied without limitation as to rate or amount. The District is authorized and required by law to levy on all property taxable by the District such ad valorem taxes as may be necessary to pay the Bonds and the interest thereon. See “THE BONDS”

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\* Preliminary, subject to change.

and “CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE DISTRICT’S POWER TO INCUR INDEBTEDNESS” in the Preliminary Official Statement for further information on the authorization and security for the Bonds.

### **Bidding Instructions**

Each proposal must be submitted on the Official Bid Form without alteration or change no later than 10:00 a.m. Central Standard Time on December 9, 2024 either:

(i) via **Parity**® in accordance with this Official Notice of Sale. To the extent any instructions or directions set forth in **Parity**® conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about **Parity**®, potential bidders may contact the Municipal Advisor or i-Deal LLC at 1359 Broadway, New York, NY 10018, telephone (212) 849-5021; or

(ii) via e-mail to [compbidWI@pmanetwork.com](mailto:compbidWI@pmanetwork.com).

**The Bidder (“Bidder”) bears all risk of transmission failure.**

**Any Bidder intending to bid via e-mail shall notify the Municipal Advisor of such intention no later than the close of business on December 6, 2024.**

### **Determination of Winning Bid**

The Bonds will be awarded to the single and best Bidder (the “Underwriter”) whose bid will be determined upon the basis of the **lowest TIC** at the rates designated in said bid from the dated date to the maturity dates after deducting the bid premium or adding the bid discount, if any. The TIC will be calculated as the rate which, when used in computing the present value of all principal and interest to be paid on the Bonds (commencing on March 1, 2025 and semiannually on each March 1 and September 1 thereafter), produces an amount on the date of issuance of the Bonds (expected to be December 30, 2024) equal to the purchase price set forth in the bid. In the event of more than one proposal specifying the lowest TIC, the Bonds will be awarded to the Bidder whose proposal is selected by lot from among all such proposals.

### **Terms of the Bonds**

The Bonds will be dated the date of issuance thereof, will mature on the dates and in the amounts, and not more than one rate should be specified for each maturity as described in the Official Bid Form attached hereto.

The Bonds due on and after March 1, 2034 are subject to redemption prior to maturity, at the option of the District, in whole or in part, from maturities selected by the District and within each maturity by lot, in integral multiples of \$5,000, on March 1, 2033 or on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

Term bonds are not allowed.

## **Bidding Parameters**

**The interest rates must be in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%), and not more than one rate for a single maturity shall be specified. The rate bid for each maturity shall not exceed 5.00%. All bids must be for all of the Bonds and must be for not less than 100.00% and not more than 105.00% of the par amount thereof.**

**Attorneys' fees, Municipal Advisor fees, rating agency fees, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the final Official Statement and miscellaneous expenses of said District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the Underwriter. The total of these fees is \$129,029.**

*A good faith deposit will not be required prior to bid opening.* The Underwriter is required to submit a certified or cashier's check on a solvent bank or trust company or a wire transfer for \$140,000 payable to the District as evidence of good faith of the bidder (the "Deposit") not later than 3:30 P.M. Central Standard Time on the sale date. The Deposit of the Underwriter will be retained by the District pending delivery of the Bonds. The District may hold the proceeds of any Deposit or invest the same (at the District's risk) in obligations that mature at or before the delivery of the Bonds, until disposed of, as follows: (a) at the delivery of the Bonds and upon compliance with the Underwriter's obligation to take up and pay for the Bonds, the full amount of the Deposit held by the District, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the District; and (b) if the Underwriter fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the District as liquidated damages.

The Underwriter shall provide Bond Counsel, within 48 hours of the award, the required issue statistics to complete parts II-V of Department of Treasury Form 8038-G.

The District will furnish to the Underwriter the approving legal opinion of Bond Counsel. After delivery, the District will furnish to the Underwriter a complete certified transcript of all proceedings in connection with the issuance of the Bonds which shall include a non-litigation certificate showing that there is no litigation pending or threatened as to the validity or security of the Bonds.

## **Bond Insurance at Purchaser's Option**

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof, at the option of the Purchaser (defined herein), the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Upon being advised of the successful bid, the Purchaser shall notify the Municipal Advisor of the Purchaser's intent to obtain bond insurance. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser. Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds.

## **Establishment of Issue Price**

(a) The winning bidder (the “Purchaser”) shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (as hereinafter defined) or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the District and Bond Counsel. All actions to be taken by the District under this Official Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the District’s Municipal Advisor, identified herein, and any notice or report to be provided to the District may be provided to the District’s Municipal Advisor. Within one hour of the award, the Purchaser will provide the District and its Municipal Advisor the expected initial offering price of the Bonds, which the Purchaser used to formulate its bid.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:

- (1) the District will disseminate this Official Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
- (2) all bidders will have an equal opportunity to bid;
- (3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest TIC, as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the District shall so advise the Purchaser. In such event, any bid proposal submitted will not be subject to cancellation or withdrawal, and the District agrees to use the rule selected by the Purchaser on its bid form to determine the issue price for the Bonds. On the bid form, each bidder must select one of the following rules to establish the issue price of the Bonds: (i) the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the Public as the issue price of that maturity, or (ii) the initial offering price of that maturity (the “Hold-the-Offering-Price Rule”), in each case applied on a maturity-by-maturity basis. The Purchaser shall advise the District if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The Purchaser shall promptly advise the District, at or before the time of award of the Bonds, which maturities of the Bonds shall be subject to the 10% Test or shall be subject to the Hold-the-Offering-Price Rule.

***Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule or the 10% Test, as selected on the bid form, in order to establish the issue price of the Bonds.*** In addition, if the 10% Test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the Purchaser shall provide the District with a representation as to the price or prices as the date of closing at which the Purchaser reasonably expects to sell the remaining Bonds of such maturity.

(d) **If the Competitive Sale Requirements are not satisfied and the Purchaser selects the Hold-the-Offering-Price Rule**, then the Purchaser shall (i) confirm that the Underwriters (as hereinafter defined) have offered or will offer the Bonds to the Public (as hereinafter defined) on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yields set forth in the bid submitted by the Purchaser and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the Public during the period starting on the Sale Date (as hereinafter defined) and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the Sale Date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public.

The Purchaser will advise the District promptly after the close of the fifth (5<sup>th</sup>) business day after the Sale Date whether it has sold 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public. Within one hour of the award, the Purchaser will inform the District of the Initial Offering Price for each maturity of the Bonds.

(e) **If the Competitive Sale Requirements are not satisfied and the Purchaser selects the 10% Test**, then until the 10% Test has been satisfied as to each maturity of the Bonds, the Purchaser agrees to promptly report to the District the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the Purchaser’s reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the District or Bond Counsel. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the Purchaser shall provide the District with a representation as to the price or prices as of the date of closing at which the Purchaser reasonably expects to sell the remaining Bonds of such maturity.

(f) The District acknowledges that, in making the representations set forth above, the Purchaser will rely on (i) the agreement of each Underwriter to comply with requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is

a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that:

(i) any agreement among Underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Purchaser that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the Purchaser and (ii) to comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the Purchaser and as set forth in the related pricing wires, which shall be until the 10% Test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5<sup>th</sup>) business day following the date of award,

(B) to promptly notify the Purchaser of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an Underwriter participating in the initial sale of the Bonds to the Public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the Underwriter, the Purchaser shall assume that each order submitted by the Underwriter is a sale to the Public.



(ii) any agreement among Underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or until it is notified by the Purchaser or such Underwriter that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the Purchaser or such Underwriter and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the Purchaser or the Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% Test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5<sup>th</sup>) business day following the date of the award.

(h) Sales of any Bonds to any person that is a Related Party to an Underwriter participating in the initial sale of the Bonds to the Public shall not constitute sales to the Public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (i) “Public” means any person other than an Underwriter or a Related Party,
- (ii) “Underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public),
- (iii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the Purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “Sale Date” means the date that the Bonds are awarded by the District to the Purchaser.

## **Tax Status**

Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, will deliver a legal opinion with respect to the federal income tax status applicable to the interest on the Bonds under existing law substantially in the form attached to the Preliminary Official Statement as Appendix A.

## **Not Qualified Tax-Exempt Obligations**

The Bonds shall not be “qualified tax-exempt obligations” under the small issuer exception provided under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

## **Book-Entry Only**

The Bonds will be issued as fully-registered Bonds without coupons and, when issued, will be registered in the name of CEDE & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. A single Bond certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry-only form only through DTC participants, in the principal amount of \$5,000 or any integral multiple thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Underwriter shall be required to deposit the Bond certificates with DTC as a condition to delivery of the Bonds. The District will make payments of principal and interest on the Bonds to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the District that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The District assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Bonds.

In the event that the securities depository relationship with DTC for the Bonds is terminated and the District does not appoint a successor depository, the District will prepare, authenticate and deliver, at its expense, fully-registered certificate Bonds in the denominations of \$5,000 or any integral multiple thereof in the aggregate principal amount of the Bonds of the same maturities and interest rate then outstanding to the beneficial owners of the Bonds.

## **CUSIP Numbers**

It is intended that CUSIP numbers will be printed on the Bonds, but neither the failure to print or type such numbers on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and make payment for the Bonds. All expenses in relation to the printing of CUSIP numbers, including CUSIP Service Bureau charges for the assignment of said numbers, shall be the responsibility of and shall be paid by the Underwriter.

## **Continuing Disclosure**

The District covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the District for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The form of the Undertaking is set forth in Appendix C in the Preliminary Official Statement. Please see the section entitled “CONTINUING DISCLOSURE” in the Preliminary Official Statement for a description of the District’s compliance over the last five years with undertakings previously entered into by it pursuant to the Rule.

The Underwriter’s obligation to purchase the Bonds shall be conditional upon the District delivering the Undertaking on or before the date of delivery of the Bonds.

## **Official Statement**

The District declares the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date for purposes of the Rule, except for the omission of the offering prices or yields, the interest rates, any other terms or provisions required by the District specified in the bid, ratings, other terms of the Bonds depending on such matters, and the identity of the Underwriter. Upon the sale of the Bonds, the District will publish an Official Statement in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. By submission of its bid, the Underwriter will be deemed to have certified that it has obtained and reviewed the Preliminary Official Statement. Promptly after the sale date, but in no event later than seven business days after the sale date, the District will provide the Underwriter with an electronic copy of the final Official Statement. The Underwriter agrees to supply to the District all information necessary to complete the Official Statement within 24 hours after the award of the Bonds.

## **Conditions of Closing**

The District reserves the right to reject any or all bids and to determine the best bid in its sole discretion, and to waive any irregularity in any bid. Additionally, the District reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the **Parity**® webpage and through *Thompson Municipal News*.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the District in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the District in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

The Bonds will be delivered to the Underwriter against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be December 30, 2024. Should delivery, however, be delayed beyond forty-five (45) days from the date of sale for any reason beyond the control of the District except failure of performance by the Underwriter, the District may cancel the award or the Underwriter may withdraw the Deposit and thereafter the Underwriter's interest in and liability for the Bonds will cease.

**Additional Information**

The Preliminary Official Statement and the Official Bid Form, together with other pertinent information, may be obtained from the District, Attention: Bryan Kadlec, Director of Finance, Business & Operations, 218 County Road B Shawano, Wisconsin 54166, telephone: (715) 526-3194, or from the Municipal Advisor, Attention: Phil Hohlweck, 770 N. Jefferson Street, Suite 200, Milwaukee, Wisconsin 53202, telephone: (414) 436-1943.

By order of the School Board of the District, dated this 2<sup>nd</sup> day of December, 2024.

/s/ Bryan Kadlec

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Director of Finance, Business & Operations  
Shawano School District  
Shawano County, Wisconsin

**OFFICIAL BID FORM**

School Board  
Shawano School District  
Shawano County, Wisconsin

December 9, 2024

Ladies and Gentlemen:

Subject to all the provisions of the Official Notice of Sale, which is expressly made a part of this bid, we offer to purchase the General Obligation School Facility Improvement Bonds, Series 2024 (the “Bonds”) as described below:

Par amount of Bonds: \$14,000,000\*  
Dated date: Date of issuance  
Purchase price: \$\_\_\_\_\_  
(not less than 100.00% and not more than 105.00% of the par amount of the Bonds)

The Bonds shall bear interest as follows (each rate (i) a multiple of 1/8 or 1/20 of 1% and (ii) not exceeding 5.00%):

| <u>Maturity</u><br><u>(March 1)</u> | <u>Amount (\$)*</u> | <u>Rate (%)</u> | <u>Term</u><br><u>Bond (Years)</u> |
|-------------------------------------|---------------------|-----------------|------------------------------------|
| 2025                                | 2,900,000           | _____           | _____                              |
| 2026                                | 180,000             | _____           | _____                              |
| 2027                                | 350,000             | _____           | _____                              |
| 2028                                | 415,000             | _____           | _____                              |
| 2029                                | 435,000             | _____           | _____                              |
| 2030                                | 460,000             | _____           | _____                              |
| 2031                                | 480,000             | _____           | _____                              |
| 2032                                | 505,000             | _____           | _____                              |
| 2033                                | 530,000             | _____           | _____                              |
| 2034                                | 560,000             | _____           | _____                              |
| 2035                                | 590,000             | _____           | _____                              |
| 2036                                | 620,000             | _____           | _____                              |
| 2037                                | 645,000             | _____           | _____                              |
| 2038                                | 675,000             | _____           | _____                              |
| 2039                                | 700,000             | _____           | _____                              |
| 2040                                | 730,000             | _____           | _____                              |
| 2041                                | 760,000             | _____           | _____                              |
| 2042                                | 790,000             | _____           | _____                              |
| 2043                                | 820,000             | _____           | _____                              |
| 2044                                | 855,000             | _____           | _____                              |

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\* Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of \$5,000. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 bond.

Net Interest Cost: \$ \_\_\_\_\_  
True Interest Cost: \_\_\_\_\_ %

If the net interest cost or the true interest cost stated above is incorrectly computed, the undersigned agrees that the purchase price and interest rates shall prevail.

If insured, please insert the name of the insurer \_\_\_\_\_ and amount of the premium \$ \_\_\_\_\_. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder (the "Purchaser"). Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds.

Term bonds are not allowed.

The Bonds due on and after March 1, 2034 are subject to redemption prior to maturity, at the option of the District, in whole or in part, from maturities selected by the District and within each maturity by lot, in integral multiples of \$5,000, on March 1, 2033 or on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

The Bonds are to be accompanied by the unqualified approving legal opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel, and a certificate evidencing that no litigation is pending against the District, which will affect the validity or security of these Bonds.

**Attorneys' fees, Rating Agency fees, Municipal Advisor fees, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the final Official Statement and miscellaneous expenses of said District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the Underwriter. The total of these fees is \$129,029.**

This bid is a firm offer for the purchase of the Bonds identified in the Official Notice of Sale, on the terms set forth in this bid form and the Official Notice of Sale, and is not subject to any conditions, except as permitted by the Official Notice of Sale. If the Competitive Sale Requirements are not met, the bidder selects the following rule to establish the issue price of maturities of the Bonds for which 10% is not sold to the Public on the date hereof applied on a maturity-by-maturity basis (mark one):

\_\_\_\_\_ 10% Test: the first price at which 10% of a maturity of the Bonds is sold to the Public for the following maturities: \_\_\_\_\_

\_\_\_\_\_ Hold-the-Offering-Price Rule: the initial offering price of that maturity for the following maturities: \_\_\_\_\_

By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. *[If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]*

We understand that if we are the winning bidder that we will deposit with the District not later than 3:30 P.M. Central Standard Time on the sale date a certified or cashier's check or wire transfer in the amount of \$140,000 payable to said District as a guarantee of good faith, to be applied in accordance with the Official Notice of Sale.

\_\_\_\_\_  
Managing Underwriter Signature

Name of Firm: \_\_\_\_\_

Direct Contact: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
Phone Number: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

**—PLEASE ATTACH A LIST OF ACCOUNT MEMBERS—**

The foregoing offer is hereby accepted this 9th day of December, 2024 by the School Board of the Shawano School District, Shawano County, Wisconsin, and in recognition therefore is signed by the official of the District empowered and authorized to make such acceptance.

\_\_\_\_\_  
President, School Board  
Shawano School District  
Shawano County, Wisconsin

**Exhibit A**

**Form of Issue Price Certificate**



Shawano School District, Wisconsin ("District")  
\$14,000,000  
General Obligation School Facility Improvement Bonds, Series 2024,  
dated December 30, 2024

**UNDERWRITER'S CERTIFICATE**

The undersigned, on behalf of \_\_\_\_\_ ("\_\_\_\_\_"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds").

1. ***Reasonably Expected Initial Offering Price.***

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by \_\_\_\_\_ are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by \_\_\_\_\_ in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by \_\_\_\_\_ to purchase the Bonds.

(b) \_\_\_\_\_ was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by \_\_\_\_\_ constituted a firm offer to purchase the Bonds.

2. ***[Bond Insurance.***

(a) The Municipal Bond Insurance Policy (the "Bond Insurance Policy") issued by \_\_\_\_\_ (the "Bond Insurer") was essential in marketing the Bonds at the rates and prices at which they were marketed and the absence of the Bond Insurance Policy would have had a material adverse effect on the interest rates at which the Bonds were sold.

[(b) We are paying a premium of \$\_\_\_\_\_ (the "Bond Insurance Premium") to the Bond Insurer for its Bond Insurance Policy.]

(c) In our opinion, the Bond Insurance Premium paid to the Bond Insurer for its Bond Insurance Policy is a reasonable arm's-length charge for the transfer of credit risk which the Bond Insurance Policy represents.

(d) In our opinion, the present value of the Bond Insurance Premium is less than the present value of the interest on the Bonds reasonably expected to be saved as a result of the Bond Insurance Policy. In making this determination present values were computed by using the yield on the Bonds (determined with regard to the Bond Insurance Premium) as the discount rate.]

3. *Defined Terms.*

(a) "Maturity" means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is December 9, 2024.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents \_\_\_\_\_ interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder.

\_\_\_\_\_ understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Exemption Certificate and compliance with the federal income tax rules affecting the Bonds, and by Quarles & Brady LLP, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the District from time to time relating to the Bonds.

\_\_\_\_\_  
By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: December 30, 2024

SCHEDULE A  
TO  
UNDERWRITER'S CERTIFICATE

EXPECTED OFFERING PRICES

(See Attached)

SCHEDULE B  
TO  
UNDERWRITER'S CERTIFICATE

COPY OF UNDERWRITER'S BID

(See Attached)