

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Manitowoc Public School District
Manitowoc, Wisconsin

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Manitowoc Public School District's 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to 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 Manitowoc Public School District as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, Wisconsin Retirement System pension schedules, Wisconsin Retirement System local retiree life insurance fund schedules, supplemental pension defined benefit plan schedules, and OPEB healthcare defined benefit plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Manitowoc Public School District's basic financial statements. The combining and individual nonmajor fund financial statements, and schedule of charter school authorizer operating costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *State Single Audit Guidelines*, and are also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of charter school authorizer operating costs, schedule of expenditures of federal awards, and the schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the

United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of the Manitowoc Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Manitowoc Public School District's internal control over financial reporting and compliance.

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin

December 14, 2021

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

MANAGEMENT'S DISCUSSION AND ANALYSIS



Manitowoc Public School District

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Manitowoc Public School District ("District"), we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the District's basic financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

Total governmental funds revenue was \$72,484,098; including \$21,055,820 of property taxes, \$43,171,445 of general state and federal aid, and \$7,096,383 of charges for services, grants and contributions. Total governmental fund expenditures were \$69,001,579; including \$35,656,457 for direct instruction.

The District's financial status, as reflected in total net position, increased by \$3,482,519.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements are comprised of 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition, other information supplementary to the basic financial statements is provided.

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

- The *Statement of Net Position* and *Statement of Activities* provide information on a district-wide basis. The statements present an aggregate view of the District's finances. District-wide statements contain useful long-term information as well as information for the just-completed fiscal year.
- The remaining statements are *fund financial statements* that focus on individual parts of the District. Fund statements generally report operations in more detail than the district-wide statements.

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

Required supplementary information further explains and supports the financial statements by including a comparison of the District's budget data for the year.

The major features of the District's financial statements, including the activities reported and the type of information contained is shown in the following table.

Major Features of the District-wide and Fund Financial Statements

	District-wide Statements	<u>Fund Financial Statements</u> Governmental
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or fiduciary, such as instructional, support services, debt service, capital projects, and community services.
Required financial statements	Statement of net position. Statement of activities.	Balance Sheet. Statement of revenues, expenditures and changes in fund balance.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.
Type of asset and liability information	All assets and liabilities; both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.
Type of inflow and and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; received during or soon after expenditures when goods or services have been received and the related liability are due and payable.

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of activities reports all revenues and expenses used to support the District. The statement of net position reports all assets, deferred outflows of resources, liabilities, and deferred inflows of resources available to support District activities. The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's overall financial position. Increases or decreases in the District's net position is one indicator of whether its financial position is improving or deteriorating, respectively. To assess the overall financial condition of the District, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities should be considered.

In the district-wide financial statements, the District's activities are reported as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, support services, debt service, capital projects, food service, community programs and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements. Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has one kind of fund:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for funding future basic services. Governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Governmental funds information does not report on long-term commitments as is reported on the district-wide statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table 1, below, provides a summary of the District's net position for the year ended June 30, 2021 compared to 2020. The District's combined net position increased by \$3,482,519.

	<u>Governmental Activities</u>		<u>Total % Change</u>
	<u>2021</u>	<u>2020</u>	<u>2020 - 2021</u>
Current and other assets	\$ 40,464	\$ 31,676	27.7%
Capital assets	<u>23,135</u>	<u>26,307</u>	-12.1%
Total assets	<u><u>63,600</u></u>	<u><u>57,982</u></u>	9.7%
Deferred outflows of resources	<u>24,500</u>	<u>18,269</u>	34.1%
Long-term liabilities			
outstanding	14,027	14,052	-0.2%
Other liabilities	<u>5,189</u>	<u>5,302</u>	-2.1%
Total liabilities	<u><u>19,216</u></u>	<u><u>19,354</u></u>	-0.7%
Deferred inflows of resources	<u>30,088</u>	<u>21,731</u>	38.5%
Net position:			
Net investment in capital assets	19,980	22,117	-9.7%
Restricted	20,982	13,560	54.7%
Unrestricted	<u>(2,167)</u>	<u>(509)</u>	325.7%
Total net position	<u><u>\$ 38,796</u></u>	<u><u>\$ 35,167</u></u>	10.3%
Note: Totals may not add due to rounding.			

Table 2			
Changes in Net Position			
(in thousands of dollars)			
	Governmental Activities		Total % Change
	2021	2020	2020 - 2021
Revenues			
Program revenues			
Charges for services	\$ 90	\$ 709	-87.3%
Operating grants and contributions	7,002	6,048	15.8%
Capital grants and contributions	4	17	-76.5%
General revenues			
Property taxes	21,056	20,144	4.5%
State and federal aid	43,171	41,242	4.7%
Other	1,160	1,498	-22.6%
Total revenues	<u>72,484</u>	<u>69,658</u>	4.1%
Expenses			
Instruction	35,656	38,298	-6.9%
Pupil and instructional services	7,996	6,813	17.4%
Administration and business	15,561	16,481	-5.6%
Interest on debt	95	207	-54.1%
Other	9,692	7,154	35.5%
Total expenses	<u>69,002</u>	<u>68,954</u>	0.1%
Change in net position	3,483	705	-394.0%
Net position - beginning of year	35,167	34,462	2.0%
Change in accounting principle	146	-	N/A
Net position - end of year	<u>\$ 38,796</u>	<u>\$ 35,167</u>	10.3%
Note: Totals may not add due to rounding.			

Table 2 provides summarized operating results and their impact on net position.

The District relies primarily on state and federal aids (60%) and property taxes (29%) to fund governmental activities. These two funding sources make up 89% of the total revenues.

Table 3 presents the cost of the five major District activities. The table reports each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost reflects the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities
(in thousands of dollars)

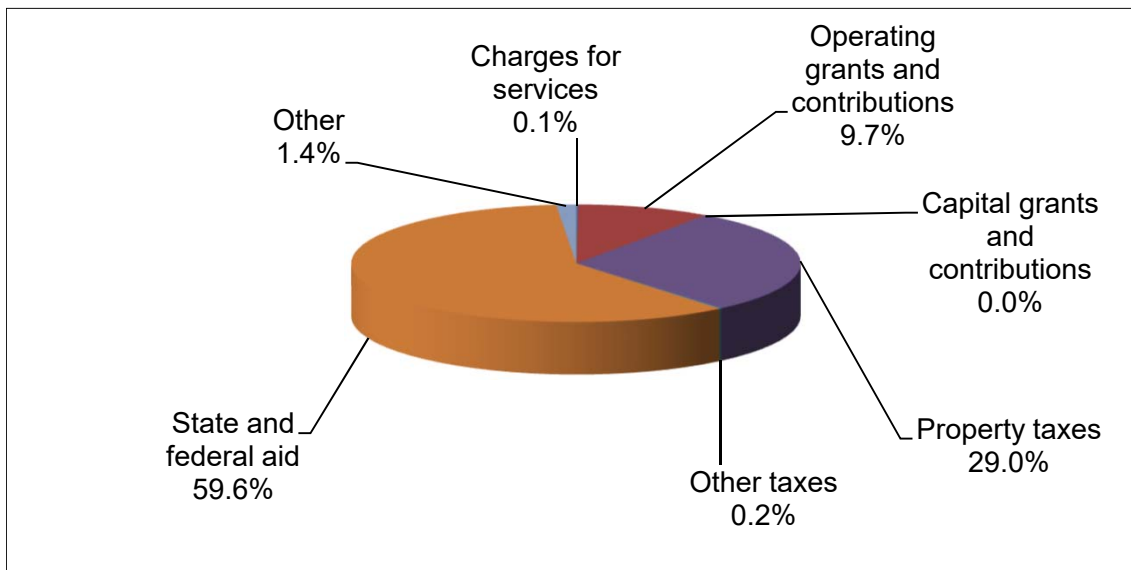
	Net Cost of Services		Total % Change
	2021	2020	2020 - 2021
Instruction	\$ 31,205	\$ 34,289	-9.0%
Pupil and instructional services	7,749	6,521	18.8%
Administration and business	13,190	14,009	-5.8%
Interest on debt	95	207	-54.1%
Other	9,667	7,154	35.1%
Total	\$ 61,905	\$ 62,179	-0.4%

Note: Totals may not add due to rounding.

The cost of all governmental activities this year was \$69,001,579. Individuals who directly participated or benefited from a program offering paid for \$89,665 of the costs. Federal and state governments subsidized certain programs with grants and contributions of \$7,006,718. The net cost of governmental activities, \$61,905,196, was financed by general revenues of the District.

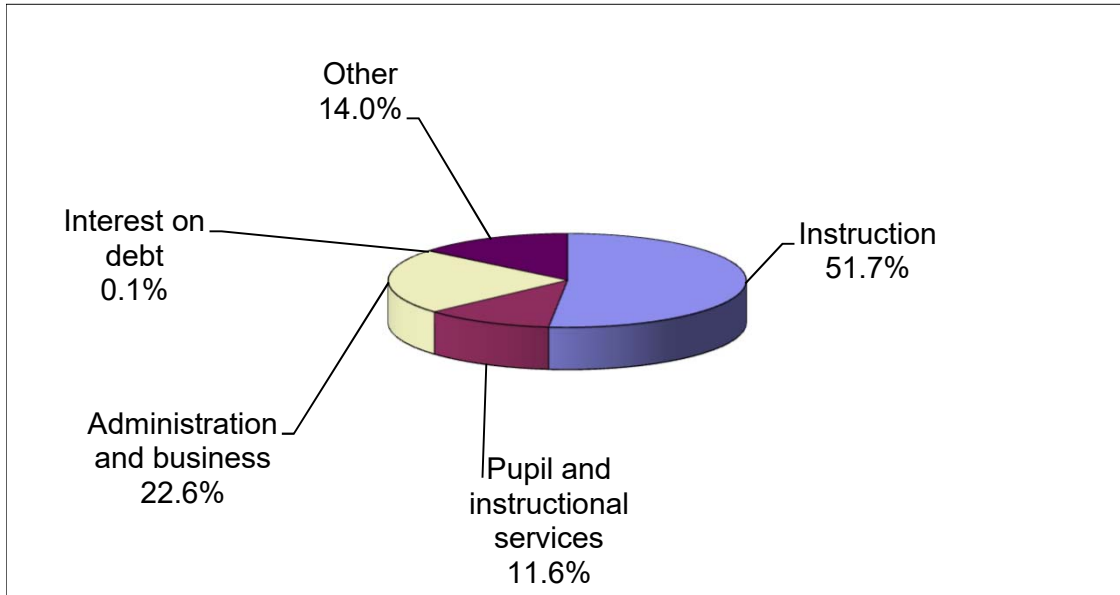
The composition of governmental revenues by type and expenditures by type are illustrated below.

Governmental Activities Revenue by Type
Chart 1



Note: Totals may not add to 100% due to rounding.

Governmental Activities Expenditure by Type
Chart 2



Note: Totals may not add to 100% due to rounding.

The District completed the year with a total governmental fund balance of \$21,832,711 up from last year's ending fund balance of \$19,340,719.

The general fund had an increase in fund balance of \$1,495,457.

The other governmental funds had an increase in fund balance of \$850,408.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District reviews an interim budget in May for the subsequent year. Consistent with current state statutes and regulations an original budget is adopted in October, following determination of official enrollment and certification of general state aids. Generally, the original budget is not significantly modified. The District did modify the original budget.

While the District's final budget for the general fund anticipated that expenses would exceed revenues by \$2,110,442 the actual results for the year show a \$1,495,457 increase.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the District had invested \$85,661,537 in capital assets, including land, land improvements, buildings, and equipment (See Table 4). Total accumulated depreciation on these assets is \$62,526,071. Asset acquisitions for governmental activities totaled \$238,717. The District recognized depreciation expense of \$3,409,813 for governmental activities. Detailed information about capital assets can be found in the notes to the financial statements.

	Governmental Activities		Total % Change
	2021	2020	2020 - 2021
Land	\$ 973	\$ 973	0.0%
Land improvements	5,140	5,140	0.0%
Buildings	69,331	69,331	0.0%
Equipment	10,218	10,457	-2.3%
Accumulated depreciation	(62,526)	(59,593)	4.9%
Total	\$ 23,135	\$ 26,307	-12.1%

Note: Totals may not add due to rounding.

Long-Term Obligations

At year-end, the District had \$14,027,027 in bonds, notes payable, and other long-term debt outstanding - a decrease of 0% from last year (see Table 5). Detailed information about the District's long-term obligations are presented in the notes to the financial statements.

Table 5
Outstanding Long-Term Obligations
(in thousands of dollars)

	Total		Total % Change
	2021	2020	2020 - 2021
General obligation debt	\$ 3,155	\$ 4,190	-24.7%
Other	10,872	9,862	10.2%
Total	<u>\$ 14,027</u>	<u>\$ 14,052</u>	-0.2%

Note: Totals may not add due to rounding.

The District retired \$1,035,000 of bonds and notes payable during the year and other transactions increased total debt by \$1,010,368.

Debt of the District is secured by an irrevocable tax levy adopted by the School Board at the time of issuance. Wisconsin state statutes require that the first property tax receipts be segregated for annual debt service payments.

FACTORS BEARING ON THE DISTRICT’S FUTURE

Currently known circumstances that will impact the District’s financial status in the future are:

In April 2021, the District approved a referendum question for increasing the revenue limit for operational expenditures by \$4,300,000. The District is authorized to exceed the state revenue limit beginning with the 2021-22 school year through the 2023-24 school year on a nonrecurring basis.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Angela Erdmann, Director of Business Services, Manitowoc Public School District, 920-683-4795, 2902 Lindbergh Drive, PO Box 1657, Manitowoc, Wisconsin 54221-1657.

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**BASIC
FINANCIAL STATEMENTS**

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**DISTRICT-WIDE
FINANCIAL STATEMENTS**

MANITOWOC PUBLIC SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	\$ 20,469,414
Receivables	
Taxes	3,947,994
Other	19,307
Due from other governments	2,405,719
Inventories	64,794
Prepays	94,397
Wisconsin Retirement System net pension	13,462,810
Capital assets (net of accumulated depreciation)	
Capital assets not being depreciated	972,709
Capital assets being depreciated	22,162,757
TOTAL ASSETS	63,599,901
DEFERRED OUTFLOWS OF RESOURCES	
Wisconsin Retirement System pension	21,274,635
Wisconsin Retirement System LRLIF	1,588,019
OPEB supplemental pension	359,566
OPEB healthcare	1,278,057
TOTAL DEFERRED OUTFLOWS OF RESOURCES	24,500,277
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	88,100,178
LIABILITIES	
Accounts payable	507,073
Self insurance claims payable	1,538,487
Accrued liabilities	
Payroll, payroll taxes, insurance	1,580,875
Interest	20,353
Deposits payable	1,501,177
Unearned revenue	41,302
Current portion of long-term obligations	1,625,362
Noncurrent portion of long-term obligations	12,401,665
TOTAL LIABILITIES	19,216,294
DEFERRED INFLOWS OF RESOURCES	
Wisconsin Retirement System pension	29,519,836
Wisconsin Retirement System LRLIF	455,341
OPEB supplemental pension	59,033
OPEB healthcare	54,169
TOTAL DEFERRED INFLOWS OF RESOURCES	30,088,379
NET POSITION	
Net investment in capital assets	19,980,466
Restricted for	
Special revenue	1,313,677
Capital projects	1,136,793
Other activities	18,531,300
Unrestricted	(2,166,731)
TOTAL NET POSITION	38,795,505
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 88,100,178

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES					
Instruction					
Regular instruction	\$ 23,084,839	\$ 80	\$ 30,688	\$ -	\$ (23,054,071)
Vocational instruction	1,496,646	22	-	-	(1,496,624)
Special instruction	8,906,464	-	4,356,862	-	(4,549,602)
Other instruction	2,168,508	64,171	-	-	(2,104,337)
Total instruction	<u>35,656,457</u>	<u>64,273</u>	<u>4,387,550</u>	<u>-</u>	<u>(31,204,634)</u>
Support services					
Pupil services	3,477,640	-	-	-	(3,477,640)
Instructional staff services	4,518,857	-	247,662	-	(4,271,195)
General administration services	557,050	-	-	-	(557,050)
Building administration services	2,934,638	-	-	-	(2,934,638)
Business services	12,069,548	89	2,367,267	4,239	(9,697,953)
Central services	586,292	-	-	-	(586,292)
Insurance	641,785	-	-	-	(641,785)
Interest and other	94,997	-	-	-	(94,997)
Other support services	2,266,527	25,303	-	-	(2,241,224)
Community services	4,789	-	-	-	(4,789)
Total support services	<u>27,152,123</u>	<u>25,392</u>	<u>2,614,929</u>	<u>4,239</u>	<u>(24,507,563)</u>
Non-program transactions	6,192,999	-	-	-	(6,192,999)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 69,001,579	\$ 89,665	\$ 7,002,479	\$ 4,239	(61,905,196)
General revenues					
Taxes					
Property taxes					21,055,820
Other taxes					123,338
State and federal aids not restricted to specific functions					43,171,445
Interest and investment earnings					3,738
Miscellaneous					1,033,374
Total general revenues					<u>65,387,715</u>
CHANGE IN NET POSITION					
NET POSITION - BEGINNING OF YEAR					
CHANGE IN ACCOUNTING PRINCIPLE					
NET POSITION - END OF YEAR					
\$ 38,795,505					

The accompanying notes are an integral part of these statements.

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**FUND
FINANCIAL STATEMENTS**

MANITOWOC PUBLIC SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	GENERAL FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and investments	\$ 18,004,963	\$ 2,464,451	\$ 20,469,414
Receivables			
Taxes	3,947,994	-	3,947,994
Other	19,307	-	19,307
Due from other governments	2,270,745	134,974	2,405,719
Inventories	-	64,794	64,794
Prepays	94,397	-	94,397
TOTAL ASSETS	24,337,406	2,664,219	27,001,625
LIABILITIES			
Accounts payable	399,420	107,653	507,073
Self insurance claims payable	1,538,487	-	1,538,487
Accrued payroll liabilities	1,580,875	-	1,580,875
Deposits payable	1,501,177	-	1,501,177
Unearned revenue	-	41,302	41,302
TOTAL LIABILITIES	5,019,959	148,955	5,168,914
FUND BALANCES			
Nonspendable	113,704	64,794	178,498
Restricted	5,068,490	2,450,470	7,518,960
Committed	1,163,931	-	1,163,931
Assigned	3,981,441	-	3,981,441
Unassigned	8,989,881	-	8,989,881
TOTAL FUND BALANCES	19,317,447	2,515,264	21,832,711
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,337,406	\$ 2,664,219	

Total net position reported for governmental activities in the statement of net position is different from the amount reported above as total governmental funds fund balance because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

Governmental capital asset	\$ 85,661,537	
Governmental accumulated depreciation	(62,526,071)	23,135,466

Wisconsin Retirement System asset, deferred outflows of resources, and deferred inflows of resources are not current financial resources and are not reported in fund statements:

6,350,287

Other post employment benefits deferred outflows of resources and deferred inflows of resources are not current financial resources and are not reported in fund statements:

1,524,421

Long-term liabilities are not due in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement net position that are not reported in the funds balance sheet are:

General obligation debt	\$ (3,155,000)	
Accrued interest	(20,353)	
WRS liability	(3,592,626)	
Vested employee benefits	(51,398)	
Net OPEB obligation	(7,228,003)	(14,047,380)

Total net position - governmental activities **\$ 38,795,505**

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	GENERAL FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property taxes	\$ 21,179,158	\$ -	\$ 21,179,158
Other local sources	161,868	162,234	324,102
Interdistrict sources	753,666	-	753,666
Intermediate sources	28,800	-	28,800
State sources	43,380,890	33,580	43,414,470
Federal sources	4,391,762	2,308,943	6,700,705
Other sources	82,006	1,191	83,197
TOTAL REVENUES	<u>69,978,150</u>	<u>2,505,948</u>	<u>72,484,098</u>
EXPENDITURES			
Current			
Instruction			
Regular instruction	24,460,327	98,261	24,558,588
Vocational instruction	1,586,229	-	1,586,229
Special instruction	9,503,550	-	9,503,550
Other instruction	2,222,889	21,366	2,244,255
Total instruction	<u>37,772,995</u>	<u>119,627</u>	<u>37,892,622</u>
Support services			
Pupil services	3,693,521	-	3,693,521
Instructional staff services	4,642,949	-	4,642,949
General administration services	586,107	-	586,107
Building administration services	3,128,901	-	3,128,901
Business services	7,146,006	2,001,799	9,147,805
Central services	499,344	-	499,344
Insurance	641,785	-	641,785
Other support services	2,035,668	-	2,035,668
Total support services	<u>22,374,281</u>	<u>2,001,799</u>	<u>24,376,080</u>
Non-program transactions	<u>6,192,689</u>	<u>310</u>	<u>6,192,999</u>
Debt service			
Principal	-	1,035,000	1,035,000
Interest	-	99,525	99,525
Total debt service	<u>-</u>	<u>1,134,525</u>	<u>1,134,525</u>
Capital outlay	<u>508,203</u>	<u>33,804</u>	<u>542,007</u>
TOTAL EXPENDITURES	<u>66,848,168</u>	<u>3,290,065</u>	<u>70,138,233</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>3,129,982</u>	<u>(784,117)</u>	<u>2,345,865</u>
OTHER FINANCING (USES) SOURCES			
Net transfer (to) from other funds	<u>(1,634,525)</u>	<u>1,634,525</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,495,457	850,408	2,345,865
FUND BALANCE - BEGINNING OF YEAR	17,821,990	1,518,729	19,340,719
CHANGE IN ACCOUNTING PRINCIPLE	-	146,127	146,127
FUND BALANCE - END OF YEAR	<u>\$ 19,317,447</u>	<u>\$ 2,515,264</u>	<u>\$ 21,832,711</u>

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds \$ 2,345,865

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

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

Capital outlay reported in fund statements	\$ 542,007	
Less noncapitalized outlay	(303,290)	
Depreciation expense reported in the statement of activities	<u>(3,409,813)</u>	
Amount by which capital outlays are less than depreciation in the current period:		(3,171,096)

Certain employee benefits are reported in the governmental funds when amounts are paid. The statement of activities reports the value of benefits earned during the year.

This year the accrual of these benefits decreased by:	63,816
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Wisconsin Retirement System pension asset, deferred outflows of resources, liability, and deferred inflows of resources changes:	3,877,725
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Wisconsin Retirement System LRLIF deferred outflows of resources, liability, and deferred inflows of resources changes:	(443,455)
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OPEB supplemental pension deferred outflows of resources, liability, and deferred inflows of resources changes:	(324,357)
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OPEB healthcare deferred outflows of resources, liability, and deferred inflows of resources changes:	94,493
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Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

Amount of long-term debt principal payments in the current year is:	1,035,000
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In governmental funds interest payments and other debt costs on outstanding debt are reported as an expenditure when paid. In the statement of activities it is reported as it accrues.

Amount of interest and other debt costs paid during the current period is	\$ 99,525	
Amount of interest and other debt costs accrued during the current period is	<u>(94,997)</u>	
Interest paid is greater than interest accrued by:		<u>4,528</u>

Change in net position - governmental activities \$ 3,482,519

MANITOWOC PUBLIC SCHOOL DISTRICT

STATEMENT OF NET POSITION

FIDUCIARY FUND

JUNE 30, 2021

	<u>CUSTODIAL FUND</u> <u>SCHOLARSHIPS</u>
ASSETS	
Cash and investments	\$ <u> -</u>
LIABILITIES	
Due to student organizations	<u> -</u>
NET POSITION	
Individuals and organizations	<u> -</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ <u> -</u></u>

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2021

	<u>CUSTODIAL FUND</u>
	<u>SCHOLARSHIPS</u>
ADDITIONS	
Investment income	\$ -
Contributions	-
TOTAL ADDITIONS	-
 DEDUCTIONS	
Disbursements	-
TOTAL DEDUCTIONS	-
 CHANGE IN NET POSITION	 -
NET POSITION - BEGINNING OF YEAR	32,985
CHANGE IN ACCOUNTING PRINCIPLE	(32,985)
NET POSITION - END OF YEAR	\$ -

The accompanying notes are an integral part of these statements.

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies

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

Reporting Entity - The Manitowoc Public School District is organized as a common school district. The District, governed by a seven member elected school board, operates grades K through 12 and is comprised of all or parts of nine taxing districts.

The District's basic financial statements do not include any component units, as defined in GASB 14 and amended by GASB 39 and GASB 61, as there are no organizations which meet the criterion. The criterion for including a legally separate organization as a component unit is the degree of financial accountability the District has with the organization. A financial benefit or burden relationship needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.

The following circumstances set forth the District's financial accountability for a legally separate organization: the District is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has (1) a separately-elected governing body, (2) a governing body appointed by a higher level of government, or (3) a jointly-appointed governing body. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading.

Basis of Presentation

District-Wide Statements

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

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

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Fund Financial Statements

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

The District reports the following major governmental fund:

General Fund - is used for all financial activity that is not required to be accounted for in another fund. This is the District's primary operating fund.

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Investments are stated at fair value, if applicable, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average investment balances.

Property Tax Levy - Under Wisconsin law, personal property taxes and first and second installment real estate taxes are collected by municipal treasurers who then make proportional settlement with the District and county treasurer for those taxes collected on their behalf. Third installment real estate taxes and delinquent taxes are collected by the county treasurer who then makes settlement with the city, town, village, and the District before retaining any for county purposes. Taxes collected by the township are made in two installments, the first by the town, and the second by the county treasurer.

The District's property taxes are levied on or before November 1 on the equalized property valuation certified by the Department of Revenue. As permitted by a collecting municipality's ordinance, taxes may be paid in full or two or more installments with the first installment payable the subsequent January 31, and a final payment no later than the following July 31. The District is paid by the collecting municipality its proportionate share of tax collections received through the last day of the preceding month on or before January 15, and by the 20 of each subsequent month thereafter. On or before August 20, the county treasurer makes full settlement to the District for any remaining balance. The county assumes all responsibility for delinquent real estate property taxes.

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2020 tax levy is used to finance operations of the District's fiscal year ended June 30, 2021. All property taxes are considered due on January 1, when an enforceable lien may be assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

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.

Interfund Transactions - Non-exchange transactions which are not borrowing/lending (will not be repaid) are recorded as operating transfers, and exchange transactions are recorded as revenues and expenses. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers.

Inventories - Inventories are valued at cost using the first-in/first-out method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

Prepays - Prepaid items represent payments for goods or services for which benefits extend beyond June 30.

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

A nonspendable fund balance has been recognized in governmental funds for these non-liquid assets to signify a portion of fund balance is not available for other subsequent expenditures.

Capital Assets - Capital assets are reported at actual cost or estimated historical costs. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$5,000	Straight-line	50 years
Building improvements	\$5,000	Straight-line	20-30 years
Improvements other than building	\$2,500	Straight-line	10-20 years
Machinery and equipment	\$2,500	Straight-line	5-20 years
Furniture and fixtures	\$2,500	Straight-line	5-10 years
Vehicles	\$2,500	Straight-line	8 years

Compensated Absences - The District's policy permits employees to accumulate earned, but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide statements. A liability for those amounts is recorded in the government funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary related benefits where applicable.

Generally, sick leave can be accumulated depending on the employment agreement. Accumulated sick time may not be taken in compensation upon retirement. The District accrues that sick leave which it deems probable of payout for employee health insurance credit.

Pensions - For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits (OPEB) - The fiduciary net position of the local retiree life insurance fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to other post employment benefits, OPEB expense (revenue), and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The District has four items that qualify for reporting in this category. They are the Wisconsin Retirement System pension, Wisconsin Retirement System Local Retiree Life Insurance Fund (LRLIF), OPEB supplemental pension, and OPEB healthcare reported in the government-wide statement of net position. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, OPEB supplemental pension, and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has four types of items, Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, OPEB supplemental pension, and OPEB healthcare which qualify for reporting in this category. The Wisconsin Retirement System pension, Wisconsin Retirement System LRLIF, OPEB supplemental pension, and OPEB healthcare result from changes in their actuarial studies and are amortized over the average of the expected remaining service lives of participants.

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

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Fund Balance Classifications - The District classifies its fund equity as follows: 1) nonspendable fund balance consists of equity that is not in a spendable form or is legally or contractually required to be maintained intact, 2) restricted fund balance consists of equity constrained to specific purposes by their providers, externally imposed by creditors, constitutional provisions or by enabling legislation, 3) committed fund balance consists of equity constrained to specific purposes by the District itself, using its highest level of decision making authority - Board of Education policies, 4) assigned fund balance consists of equity the governing body intends to use for a specific purpose, intent can be expressed by the governing body. The Board of Education has authorized the Director of Business Services to assign fund balances through its financial management policy and 5) unassigned fund balance consists of equity available for any purpose.

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 1 - Summary of Significant Accounting Policies - Continued

When net losses occur, it is the District's policy to record the net loss against committed fund balance, then assigned fund balance and lastly to unassigned fund balance (GASB 54 default for not having a policy). The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

NOTE 2 - Cash and Investments

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, state obligations, U.S. Treasury obligations, U.S. agency issues, repurchase agreements and other investments secured by federal securities, high grade commercial paper, and the local government investment pool administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund. No significant violations of these restrictions occurred during the year.

As of June 30, 2021, the District had the following investment:

<u>Investment</u>	<u>Weighted Average Maturities</u>	<u>Fair Value</u>
Certificates of deposit	Less than one year	\$ 38,985
State of Wisconsin Investment Pool	Less than one year	<u>2,281,522</u>
Total		<u>\$ 2,320,507</u>

Investment Pool Information - Participation in the State of Wisconsin Local Government Investment Pool is voluntary. The Pool's regulatory oversight is provided by state statutes and its investment board. The fair value of the District's position in the Pool is the same as the value of the Pool shares. At June 30, 2021, the Pool's fair value was 100 percent of book value.

Determining Fair Value - The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurement:

- 1) State of Wisconsin Local Government Investment Pool fair value is determined monthly by the Pool's investment board based on published market quotations (level 2 inputs).

Income Allocation - Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to those which mature or may be tendered for purchase at the option of the holder within not more than 7 years of the date acquired. The District does not have an investment policy that would further limit investment maturities as a means of further managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations.

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 2 - Cash and Investments - Continued

The District does not have an investment policy that would further limit its investment choices. The State of Wisconsin Local Government Investment Pool is not rated.

Custodial Credit Risk - Custodial credit is the risk that, in the event of a financial institution failure, the District's deposits may not be returned. The District does not have a policy in place for custodial credit risk. The State of Wisconsin's Public Deposit Guarantee Fund created under Chapter 34 of the Wisconsin Statutes protects the municipality's designated public depositories against any losses of public funds up to \$400,000 subject to the total amount of the Guarantee Fund available. As of June 30, 2021, \$18,168,831 of the District's bank balance of \$19,017,107 was exposed to custodial credit risk as uninsured, pledged collateral, collateralized by U.S. Government or municipal securities held by the bank in the bank's name and a letter of credit. \$28,034 was uninsured and uncollateralized.

NOTE 3 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 972,709	\$ -	\$ -	\$ 972,709
Capital assets being depreciated:				
Land improvements	5,139,681	-	-	5,139,681
Buildings and improvements	69,330,720	-	-	69,330,720
Equipment	10,456,684	238,717	(476,974)	10,218,427
Total capital assets being depreciated	<u>84,927,085</u>	<u>238,717</u>	<u>(476,974)</u>	<u>84,688,828</u>
Less accumulated depreciation for:				
Land improvements	(1,864,021)	(301,761)	-	(2,165,782)
Buildings and improvements	(50,391,906)	(2,281,824)	-	(52,673,730)
Equipment	(7,337,305)	(826,228)	476,974	(7,686,559)
Total accumulated depreciation	<u>(59,593,232)</u>	<u>(3,409,813)</u>	<u>476,974</u>	<u>(62,526,071)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>25,333,853</u>	<u>(3,171,096)</u>	<u>-</u>	<u>22,162,757</u>
Capital assets, net of accumulated depreciation	<u>\$ 26,306,562</u>	<u>\$ (3,171,096)</u>	<u>\$ -</u>	<u>\$ 23,135,466</u>

Depreciation expense was charged to governmental functions as follows:

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 3 - Capital Assets - Continued

Regular instruction	\$ 219,496
Vocational instruction	24,800
Special education instruction	5,072
Other instruction	31,753
Instructional staff services	5,781
Building administration services	7,668
Business services	3,022,363
Central services	92,880
Total	<u>\$ 3,409,813</u>

The District does not capitalize interest on general fixed asset projects.

NOTE 4 - Long-Term Obligations

Long-term obligations are as follows:

	Beginning		Ending		Amounts
	Balance	Increases	Decreases	Balance	Due Within One Year
Notes payable - direct placement	\$ 4,190,000	\$ -	\$ (1,035,000)	\$ 3,155,000	\$ 1,055,000
Vested sick pay	115,214	-	(63,816)	51,398	51,398
Wisconsin Retirement System					
LRLIF	2,595,851	996,775	-	3,592,626	-
OPEB supplemental pension	1,426,082	252,295	(280,974)	1,397,403	270,717
OPEB healthcare	<u>5,724,512</u>	<u>874,787</u>	<u>(768,699)</u>	<u>5,830,600</u>	<u>248,247</u>
Total	<u>\$ 14,051,659</u>	<u>\$ 2,123,857</u>	<u>\$ (2,148,489)</u>	<u>\$ 14,027,027</u>	<u>\$ 1,625,362</u>

Interest cost incurred during the year totaled \$94,997 and total paid during the year aggregated \$99,525.

General Obligation Debt - All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. The general obligation debt is expected to be repaid with general property taxes. General obligation debt at June 30, 2021 is comprised of the following individual issues:

<u>Issue Description</u>	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Dates of Maturity</u>	<u>Balance</u>
Notes payable - direct placement	7/2/14	2.5-3%	4/1/24	\$ 3,155,000

General Obligation Debt Limit Calculation - The 2020 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$2,696,099,414. The legal debt limit and

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 4 - Long-Term Obligations - Continued

margin of indebtedness as of June 30, 2021, in accordance with Section 67.03(1) (b) of the Wisconsin Statutes follows:

Debt limit (10 percent of \$2,696,099,414)	\$ 269,609,941
Applicable long-term debt	(3,155,000)
Amount available in debt service fund	<u>-</u>
Margin of indebtedness	<u>\$ 266,454,941</u>

Maturities of Long-Term Obligations - Aggregate cash flow requirements for the retirement of long-term debt principal and interest are as follows:

Year Ending	Notes Payable - Direct		Total
	Borrowing and Placement		
June 30	Principal	Interest	
2022	\$ 1,055,000	\$ 81,413	\$ 1,136,413
2023	1,085,000	55,038	1,140,038
2024	<u>1,015,000</u>	<u>27,913</u>	<u>1,042,913</u>
	<u>\$ 3,155,000</u>	<u>\$ 164,364</u>	<u>\$ 3,319,364</u>

NOTE 5 - Wisconsin Retirement System Pension

General Information about the Pension Plan

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

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

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

Benefits Provided - Employees who retire at or after age 65 (54 for protective 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.

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

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

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

The WRS also provides death and disability benefits for employees.

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

Year	Core Fund Adjustment	Variable Fund Adjustment
2011	(1.2)	11
2012	(7)	(7)
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2	4
2018	2.4	17
2019	-	(10)
2020	1.7	21

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

During the reporting period, the WRS recognized \$2,404,154 in contributions from the employer.

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

Contribution rates as of June 30, 2021 are:

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

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

At June 30, 2021, the District reported a liability (asset) of (\$13,462,810) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability (asset) was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.21564170%, which was a decrease of 0.00323405% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized pension expense (revenue) of \$(1,457,259).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,484,820	\$ 4,196,995
Net differences between projected and actual earnings on pension plan investments	-	25,275,329
Changes in assumptions	305,362	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,618	47,512
Employer contributions subsequent to the measurement date	1,481,835	-
Total	\$ 21,274,635	\$ 29,519,836

\$1,481,835 reported as deferred outflows of resources related to pension resulting from the WRS employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (revenue) as follows:

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2022	\$ (2,502,229)
2023	(690,106)
2024	(4,591,056)
2025	(1,943,645)
Thereafter	-

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

Actuarial Valuation Date:	December 31, 2019
Measurement Date of Net Pension Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Market Value
Long-Term Expected Rate of Return:	7%
Discount Rate:	7%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table
Post-retirement Adjustments*	1.9%

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

Actuarial assumptions are based upon an experience study conducted in 2018 that covered a three-year period from January 1, 2015 to December 31, 2017. The total pension liability for December 31, 2020 is based upon a roll-forward of the liability calculated from the December 31, 2019 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 arithmetic real rates of return for each major asset class are summarized in the following table:

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

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Global Equities	51	7.2	4.7
Fixed Income	25	3.2	.8
Inflation Sensitive Assets	16	2.0	(.4)
Real Estate	8	5.6	3.1
Private Equity/Debt	11	10.2	7.6
Multi-Asset	4	5.8	3.3
Total Core Fund	115	6.6	4.1
Variable Fund Asset Class			
U.S. Equities	70	6.6	4.1
International Equities	30	7.4	4.9
Total Variable Fund	100	7.1	4.6

New England Pension Consultants Long-Term US CPI (Inflation) Forecast 2.4%

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

Single Discount Rate - A single discount rate of 7% was used to measure the total pension liability for the current and prior year. This single discount rate is based on the expected rate of return on pension plan investments of 7% and a municipal bond rate of 2% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.). Because of the unique structure of WRS, the 7% expected rate of return implies that a dividend of approximately 1.9% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1% Decrease to Discount Rate (6%)	Current Discount Rate (7%)	1% Increase to Discount Rate (8%)
District's proportionate share of the net pension liability (asset)	\$ 12,814,729	\$ (13,462,810)	\$ (32,763,467)

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
JUNE 30, 2021

NOTE 5 - Wisconsin Retirement System Pension - Continued

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

Payables to the Pension Plan - The District reported a payable of \$999,393 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund

General Information about the Other Post Employment Benefits

Plan Description - The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

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

Benefits Provided - The LRLIF plan provides fully paid life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for coverage.

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

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

Contribution rates as of June 30, 2021 are:

Coverage Type	Employer Contribution
50% post retirement coverage	40% of employee contribution
25% post retirement coverage	20% of employee contribution

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

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

Attained Age	Basic	Supplemental
Under 30	\$.05	\$.05
30-34	.06	.06
35-39	.07	.07
40-44	.08	.08
45-49	.12	.12
50-54	.22	.22
55-59	.39	.39
60-64	.49	.49
65-69	.57	.57
*Disabled members under age 70 receive a waiver-of-premium benefit.		

During the reporting period, the LRLIF recognized \$13,023 in contributions from the employer.

OPEB Liabilities, OPEB Expense (Revenue), Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEBs

At June 30, 2021, the District reported a liability (asset) of \$3,592,626 for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of January 1, 2020 rolled forward to December 31, 2020. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2020, the District's proportion was 0.653119%, which was an increase of 0.043506% from its proportion measured as of December 31, 2019.

For the year ended June 30, 2021, the District recognized OPEB expense of \$456,479.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 171,427
Net differences between projected and actual earnings on OPEB plan investments	52,305	-
Changes in assumption	1,397,582	246,503
Changes in proportion and differences between employer contributions and proportionate share of contributions	138,132	37,411
Employer contributions subsequent to the measurement date	-	-
Total	\$ 1,588,019	\$ 455,341

Zero was reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

Year Ending June 30	Deferred Outflows and (Inflows) of Resources
2022	\$ 210,029
2023	204,373
2024	198,546
2025	182,100
Thereafter	337,630

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

Actuarial Valuation Date:	January 1, 2020
Measurement Date of Net OPEB Liability (Asset)	December 31, 2020
Actuarial Cost Method:	Entry Age Normal
20 Year Tax Exempt Municipal Bond Yield:	2.12%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.25%
Salary Increases:	
Inflation	3%
Seniority/Merit	.1% - 5.6%
Mortality:	Wisconsin 2018 Mortality Table

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

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

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

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 6 - Wisconsin Retirement System Local Retirement Life Insurance Fund - Continued

Asset Class	Index	Target Allocation %	Long-Term Expected Geometric Real Rate of Return %
US Credit Bonds	Barclays Credit	50	1.47
US Mortgages	Barclays MBS	50	.82
Inflation			2.2
Long-term Expected Rate of Return			4.25

The long-term expected rate of return and expected inflation rate remained unchanged from the prior year at 4.25% and 2.2% respectively. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the District's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 2.25 percent, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
District's proportionate share of the net OPEB liability (asset)	\$ 4,886,999	\$ 3,592,626	\$ 2,613,729

Payables to the Pension Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2021.

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 7 - Supplemental Pension Defined Benefit Plan

General Information about the Supplemental Pension Plan

Plan Description - The supplemental pension is a single employer defined benefit pension plan. Benefit terms are established by employee handbooks and may be modified by the Board of Education. The plan is administered by the District and included in the District's financial statements.

Benefits Provided - Administrators hired on or prior to June 30, 2003 at least age 54 with less than 10 years of service that do not qualify for or choose not to participate in the District's medical plan upon retirement, shall receive a one-time payment of \$100 per year of service. Additionally, retirees with a minimum of 10 years of service shall receive a stipend benefit divided equally into 12 payments paid out quarterly over a 3-year period into a special pay plan through MidAmerica under section 403(b). The total of this stipend is determined as follows: (1) if the Administrator has 10 years of service they shall receive 50% of the average salary based upon the individual's contract(s) for the 3 years immediately prior to retirement or (2) if the Administrator has 15 years of service they shall receive an amount equal to the average salary based upon the individual's contract(s) for the 3 years immediately prior to retirement.

Administrators hired after June 30, 2003 at least age 57 with less than 10 years of service that do not qualify for or choose not to participate in the District's medical plan upon retirement, shall receive \$100 per year of service. Additionally, retirees with a minimum of 10 years of service shall receive a stipend benefit equal to the average salary based upon the individual's contract(s) for the 3 years immediately prior to retirement into a special pay plan through MidAmerica under section 403(b). The total stipend amount will be divided equally into 12 payments and paid out quarterly over a 3-year period.

Each teacher at least age 57 with a minimum of 15 years of service shall receive a one-time payment of \$100 per year of service to be paid in cash.

Paraprofessionals, clerical, custodians, and non-represented staff eligible for WRS with a minimum 10 years of service with the District shall receive \$113 per year of service. These monies may either be taken in cash or used for continued medical coverage.

Employees Covered - As of the June 30, 2020 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>679</u>
Total	<u>710</u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability. For the year ended June 30, 2021, contribution rates for plan members were \$0 per participant per year and \$14,646 - \$36,256 from the District, depending on the type of retiree plan. Plan members receiving benefits paid \$0 and the District paid \$270,717 for current year premiums due.

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 7 - Supplemental Pension Defined Benefit Plan - Continued

Actuarial Assumptions - The total supplemental pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal - Level %
Discount Rate:	2.25%
Salary Increases:	3%
Mortality:	Wisconsin 2018 Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2018 using experience from 2015 - 2017. The net supplemental pension liability for June 30, 2020 is based on an update of the liability calculated from the June 30, 2019 actuarial valuation. The discount rate changed from 3.5% to 2.25%, but there were no other material changes in assumptions or benefit terms between the actuarial valuation date and the measurement date.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on plan investments was determined by expected future real rates of return (expected returns, net of plan investment expense and inflation) developed for each major asset class. There are no plan assets.

Discount Rate - A discount rate of 2.25% was used to measure the total supplemental pension liability. This discount rate was based on a 20 year municipal bond rate. The projection of cash flows used to determine the discount rate assumed the 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 position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total supplemental pension liability.

Changes in the Total Supplemental Pension Liability

	<u>Increase (Decrease)</u>
	<u>Total Pension Liability</u>
Beginning balance	\$ 1,426,082
Changes for the year:	
Service cost	126,718
Interest	47,213
Changes of assumptions or other input	78,364
Benefit payments	<u>(280,974)</u>
Net changes	<u>(28,679)</u>
Ending balance	<u>\$ 1,397,403</u>

Sensitivity of the Total Supplemental Pension Liability to Changes in the Discount Rate - The following presents the total supplemental pension liability calculated using the discount rate

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 7 - Supplemental Pension Defined Benefit Plan - Continued

of 2.25 percent, as well as what the total supplemental pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
Total supplemental pension liability	\$ 1,462,857	\$ 1,397,403	\$ 1,334,393

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

For the year ended June 30, 2021, the District recognized pension expense of \$176,224.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 14,680	\$ 36,752
Net differences between projected and actual earnings on pension plan investments	-	-
Changes in assumptions	74,169	22,281
Employer contributions subsequent to the measurement date	270,717	-
Total	\$ 359,566	\$ 59,033

\$270,717 reported as deferred outflows related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction on the total pension liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in expense as follows:

Year ending June 30	Deferred Outflows/Inflows of Resources
2022	\$ 2,293
2023	2,293
2024	2,293
2025	2,293
2026	2,293
Thereafter	18,351

Payables to the Pension Plan - The District reported a payable of zero for the outstanding amount of contributions to the supplemental pension plan required for the year ended June 30, 2021.

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 8 - Interfund Balance and Activity

Interfund transfers at June 30, 2021 were as follows:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Debt service	\$ 1,134,525
General	Long-term capital improvement	\$ 500,000

Generally, transfers are used to move revenue from the fund that collects them to the fund that the budget requires to expend them and use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9 - Post Employment Benefits Other Than Pensions

General Information about the Post Employment Benefits Other than Pensions

Plan Description - The other post employment benefits (OPEB) other than pension is a single-employer defined benefit OPEB plan. Benefit terms are established by employee handbooks and may be modified by the Board of Education. The plan is administered by the District and included in the District's financial statements.

Benefits Provided - Administrators are eligible for post employment health and dental benefits. The benefits differ depending upon the administrator's hire date. For administrators at least age 54 with a minimum of 10 years of service, hired prior to July 1, 2003; the District will contribute 80% of the medical and dental premiums on behalf of the retiree until Medicare-eligibility. For those hired on or after July 1, 2003, at least age 54 with a minimum of 10 years of service, the District's contributions will be limited to either \$714 or 80% of the medical premium and \$76 or 80% of the dental premium whichever is less, until Medicare eligibility.

Teachers receive health insurance, if at retirement they are at least age 57 or older with a minimum of 15 years of service. The District's annual contribution to medical insurance will be limited to 50% of the annual medical premiums, but not to exceed \$3,000 for a single plan and \$6,000 for a family plan. These contributions will continue for a period of 8 years, but not to exceed Medicare eligibility.

Upon retirement, retirees may self-pay to remain on the District's medical plan indefinitely provided they pay the full amount of all required premiums.

Employees Covered - As of the June 30, 2020 measurement date, the following employees were covered by the benefit terms. The plan is not closed to new entrants.

Inactive employees or beneficiaries currently receiving benefits	61
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>679</u>
Total	<u>740</u>

Contributions - The Board of Education has the authority to establish the contribution requirements for the plan. The Board establishes contribution rates based on premiums and an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the unfunded accrued liability.

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 9 - Post Employment Benefits Other Than Pensions - Continued

For the year ended June 30, 2021, contribution rates for Plan members were \$134 - \$2,090 per participant per month and \$250 - \$1,672 from the District, depending on the type of retiree plan. Plan members receiving benefits contributed \$335,477 and the District contributed \$248,247 to the plan.

Actuarial Assumptions - The OPEB healthcare liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Actuarial Cost Method:	Entry Age Normal - Level %
Discount Rate:	2.25%
Mortality:	Wisconsin 2018 Mortality Table
Medical Care Cost Trend:	7.5% decreasing by 0.5% to 6.5%, then by 0.1% down to 5%, and level thereafter
Dental Care Cost Trend:	5%

The actuarial valuation was based upon the data provided by the District and utilized the premium rate history of the District's medical plans as well as the trends used in the prior valuation and projected a stream of expected premium rates for each year in the future based on the data as of June 30, 2020. Actuarial assumptions are based upon an experience study conducted in 2018 using Wisconsin Retirement System experience from 2015 - 2017.

The OPEB liability for June 30, 2020 is based upon an update of the liability calculated from the June 30, 2019 actuarial valuation. There were no material changes in assumptions or benefit terms which occurred between the actuarial valuation date and the measurement date.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on plan investments was determined by expected future real rates of return (expected returns, net of plan investment expense and inflation) developed for each major asset class. There are no plan assets.

Discount Rate - A discount rate of 2.25% was used to measure the total OPEB healthcare liability. This discount rate was based on a 20 year municipal bond rate. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB healthcare liability.

Changes in the OPEB Healthcare Liability

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 9 - Post Employment Benefits Other Than Pensions - Continued

	<u>Increase (Decrease)</u>
	Total OPEB
	<u>Healthcare Liability</u>
Beginning balance	\$ 5,724,512
Changes for the year:	
Service cost	264,353
Interest	191,532
Changes of assumptions or other input	418,902
Benefit payments	(768,699)
Net changes	106,088
Ending balance	\$ 5,830,600

Sensitivity of the OPEB Healthcare Liability to Changes in the Healthcare Cost Trend Rate - The following presents the OPEB healthcare liability calculated using the healthcare cost trend rate of 7.5 percent decreasing to 5 percent, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (6.5 percent decreasing to 4 percent) or 1-percentage-point higher (8.5 percent decreasing to 6 percent) than the current rate:

	1% Decrease to Healthcare Cost Rate (6.5% decreasing to 4%)	Current Healthcare Cost Rate (7.5% decreasing to 5%)	1% Increase to Healthcare Cost Rate (8.5% decreasing to 6%)
OPEB healthcare liability	\$ 5,405,699	\$ 5,830,600	\$ 6,326,008

Sensitivity of the OPEB Healthcare Liability to Changes in the Discount Rate - The following presents the OPEB healthcare liability calculated using the discount rate of 2.25 percent, as well as what the OPEB healthcare liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease to Discount Rate (1.25%)	Current Discount Rate (2.25%)	1% Increase to Discount Rate (3.25%)
OPEB healthcare liability	\$ 6,181,244	\$ 5,830,600	\$ 5,493,612

Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB Healthcare

For the year ended June 30, 2021, the District recognized OPEB healthcare expense of \$572,604.

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

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 9 - Post Employment Benefits Other Than Pensions - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 485,667	\$ -
Changes in assumptions	544,143	54,169
Net differences between projected and actual earnings on pension plan investments	-	-
Employer contributions subsequent to the measurement date	248,247	-
Total	\$ 1,278,057	\$ 54,169

\$248,247 reported as deferred outflows related to OPEB healthcare resulting from contributions subsequent to the measurement date will be recognized as a reduction on the net OPEB healthcare liability (asset) in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB healthcare will be recognized in expense as follows:

Year ending June 30	Deferred Outflows/Inflows of Resources
2022	\$ 116,719
2023	116,719
2024	116,719
2025	116,719
2026	116,719
Thereafter	\$ 392,046

Payables to the OPEB Healthcare Plan - The District reported a payable of zero for the outstanding amount of contributions to the OPEB Healthcare plan required for the year ended June 30, 2021.

NOTE 10 - Fund Balance and Net Position

Portions of fund balances and net position are not available for current appropriation or expenditure as follows:

<u>Governmental Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable		
General	Employee computer loan program	\$ 19,307
General	Prepays	\$ 94,397
Food service	Inventory	\$ 64,794
Restricted		
General	Self-insurance	\$ 5,000,000
General	Common school fund	\$ 68,490
Special revenue trust	Donor specific expenses	\$ 545,310
Food service	DPI regulation	\$ 768,367
Long-term capital improvements	DPI regulation	\$ 1,136,793
Committed		
General	Future debt payments	\$ 1,163,931

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 10 - Fund Balance and Net Position - Continued

Assigned			
General	Specific expenses		\$ 3,981,441

Governmental Activities

Restricted			
Special revenue	Donor specific expense		\$ 545,310
Special revenue	DPI regulation		\$ 768,367
Capital projects	DPI regulation		\$ 1,136,793
Other activities	Self-insurance		\$ 5,000,000
Other activities	Common school fund		\$ 68,490
Other activities	Wisconsin Retirement System pension		\$ 13,462,810

NOTE 11 - Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters. For all risks of loss, the District's policy is to purchase commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from coverage in the prior year.

NOTE 12 - Commitments and Contingencies

The District has a service agreement with Cooperative Education Service Agency #7 for services to be provided to the District in 2021-2022. Expected costs are \$509,942.

The District has a transportation agreement with estimated costs for the following school years:

2021-2022	\$ 1,629,052
2022-2023	1,710,504
2023-2024	1,796,030
2024-2025	1,885,831
2025-2026	1,980,123
	<u>\$ 9,001,540</u>

The District is aware some older buildings contain some level of asbestos in which they will incur removal costs upon remodeling, selling, or abandoning these buildings at some future date. However, at this point, the District does not feel they have enough information to reasonably estimate the fair value of the asset retirement obligation and have not recorded a liability.

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

NOTE 13 - Limitation of School District Revenue

Wisconsin statutes limit the amount of revenue school districts may derive from general school aids and property taxes. This limitation does not apply to revenue needed for the payment of

MANITOWOC PUBLIC SCHOOL DISTRICT
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 JUNE 30, 2021

NOTE 13 - Limitation of School District Revenue - Continued

any general obligation debt service (including refinanced debt) authorized by either of the following: (a) a resolution of the school board or by a referendum prior to August 12, 1993 and (b) a referendum on or after August 12, 1993.

NOTE 14 - Self-Funded Insurance

The District established a self-funded insurance plan for its employees. The Plan administrators are responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for an administrative fee. The Plan reports on a fiscal year ending June 30, 2021.

Accounting and budgeting requirements for the Plan are established by the Wisconsin Department of Public Instruction. Currently, the Plan is accounted for in the General Fund, with appropriate charges to other funds of the District.

The District has reported a liability of \$1,538,487, which represents reported and unreported claims which were incurred on or before June 30, 2021, but were not paid by the District as of that date. Changes in the claims liability for the year ended June 30, 2021 are as follows:

	<u>Year Ended</u> <u>June 30, 2021</u>	<u>Year Ended</u> <u>June 30, 2020</u>
Beginning liability balance	\$ 1,929,194	\$ 1,482,275
Claims and changes in estimates	8,909,529	9,021,876
Claim payments	<u>(9,300,236)</u>	<u>(8,574,957)</u>
Ending liability balance	<u>\$ 1,538,487</u>	<u>\$ 1,929,194</u>

Claim payments are principally funded through charges to employees, which are paid through payroll deductions, and employer contributions to the health and dental plan.

The District premium rates were calculated by a third-party administrator for the self-insured health and dental plan. The District did not receive an actuarial certification related to the adequacy of reserves or financial soundness of the plan.

NOTE 15 - Change in Accounting Principle

The change in accounting principles adjustment of \$146,127 on the statement of activities, statement of revenue, expenditures and changes in fund balances - governmental funds, and combining statement of revenues, expenditures and changes in fund balances - nonmajor funds is due to the adoption of Governmental Accounting Standards Board Statement No. 84 *Fiduciary Activities*.

NOTE 16 - Coronavirus (COVID-19)

The World Health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. COVID-19 may impact various parts of the District's operations including costs for emergency preparedness, virtual school, shortages of personnel, and potential delays in revenue collections.

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

**REQUIRED
SUPPLEMENTARY INFORMATION**

MANITOWOC PUBLIC SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	ORIGINAL BUDGETED AMOUNTS			FINAL BUDGETED AMOUNTS			ACTUAL AMOUNTS			VARIANCE WITH
	GENERAL	SPECIAL		GENERAL	SPECIAL		GENERAL	SPECIAL		FINAL BUDGET POSITIVE (NEGATIVE)
		EDUCATION	TOTAL		EDUCATION	TOTAL		EDUCATION	TOTAL	
REVENUES										
Property taxes	\$ 21,179,158	\$ -	\$ 21,179,158	\$ 21,179,158	\$ -	\$ 21,179,158	\$ 21,179,158	\$ -	\$ 21,179,158	\$ -
Other local sources	255,800	-	255,800	255,800	-	255,800	161,868	-	161,868	(93,932)
Interdistrict sources	804,375	-	804,375	804,375	-	804,375	753,666	-	753,666	(50,709)
Intermediate sources	20,000	-	20,000	20,000	-	20,000	28,800	-	28,800	8,800
State sources	40,568,569	2,442,656	43,011,225	40,568,569	2,442,656	43,011,225	40,488,548	2,892,342	43,380,890	369,665
Federal sources	3,042,746	1,479,615	4,522,361	3,042,746	1,479,615	4,522,361	2,930,742	1,461,020	4,391,762	(130,599)
Other sources	166,680	1,000	167,680	166,680	1,000	167,680	79,804	2,202	82,006	(85,674)
TOTAL REVENUES	66,037,328	3,923,271	69,960,599	66,037,328	3,923,271	69,960,599	65,622,586	4,355,564	69,978,150	17,551
EXPENDITURES										
Current										
Instruction										
Regular instruction	26,734,310	-	26,734,310	26,058,200	-	26,058,200	24,460,327	-	24,460,327	1,597,873
Vocational instruction	1,698,960	-	1,698,960	1,662,890	-	1,662,890	1,586,229	-	1,586,229	76,661
Special instruction	-	10,019,869	10,019,869	-	10,063,468	10,063,468	-	9,503,550	9,503,550	559,918
Other instructor	2,439,460	6,160	2,445,620	2,512,070	22,080	2,534,150	2,206,970	15,919	2,222,889	311,261
Total instruction	30,872,730	10,026,029	40,898,759	30,233,160	10,085,548	40,318,708	28,253,526	9,519,469	37,772,995	2,545,713
Support services										
Pupil services	2,320,000	1,597,668	3,917,668	2,382,180	1,519,514	3,901,694	2,125,289	1,568,232	3,693,521	208,173
Instructional staff services	4,582,719	412,846	4,995,565	4,653,395	402,546	5,055,941	4,296,145	346,804	4,642,949	412,992
General administration services	606,420	16,000	622,420	604,970	18,850	623,820	567,257	18,850	586,107	37,713
Building administration services	3,070,140	-	3,070,140	3,267,340	-	3,267,340	3,128,901	-	3,128,901	138,439
Business services	7,521,810	363,405	7,885,215	7,633,820	341,905	7,975,725	6,834,407	311,599	7,146,006	829,719
Central services	525,850	-	525,850	545,050	-	545,050	499,344	-	499,344	45,706
Insurance	606,830	-	606,830	644,130	-	644,130	641,610	175	641,785	2,345
Other support services	1,555,660	8,500	1,564,160	1,625,930	8,500	1,634,430	2,035,668	-	2,035,668	(401,238)
Total support services	20,789,429	2,398,419	23,187,848	21,356,815	2,291,315	23,648,130	20,128,621	2,245,660	22,374,281	1,273,849
Non-program transactions	6,031,030	159,000	6,190,030	6,031,030	195,000	6,226,030	6,039,173	153,516	6,192,689	33,341
Capital outlay	655,130	13,096	668,226	732,410	12,231	744,641	498,860	9,343	508,203	236,438
TOTAL EXPENDITURES	58,348,319	12,596,544	70,944,863	58,353,415	12,584,094	70,937,509	54,920,180	11,927,988	66,848,168	4,089,341
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,689,009	(8,673,273)	(984,264)	7,683,913	(8,660,823)	(976,910)	10,702,406	(7,572,424)	3,129,982	4,106,892
OTHER FINANCING SOURCES (USES)										
Transfer (to) / from other funds	(9,909,620)	8,775,088	(1,134,532)	(9,909,620)	8,775,088	(1,134,532)	(9,206,949)	7,572,424	(1,634,525)	(499,993)
Sale of capital assets	1,000	-	1,000	1,000	-	1,000	-	-	-	(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	(9,908,620)	8,775,088	(1,133,532)	(9,908,620)	8,775,088	(1,133,532)	(9,206,949)	7,572,424	(1,634,525)	(500,993)
NET CHANGE IN FUND BALANCE	(2,219,611)	101,815	(2,117,796)	(2,224,707)	114,265	(2,110,442)	1,495,457	-	1,495,457	3,605,899
FUND BALANCE - BEGINNING OF YEAR	17,821,990	-	17,821,990	17,821,990	-	17,821,990	17,821,990	-	17,821,990	-
FUND BALANCE - END OF YEAR	\$ 15,602,379	\$ 101,815	\$ 15,704,194	\$ 15,597,283	\$ 114,265	\$ 15,711,548	\$ 19,317,447	\$ -	\$ 19,317,447	\$ 3,605,899

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
JUNE 30, 2021

NOTE 1 - Budgetary Information - Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction. The legally adopted budget and budgetary expenditure control is exercised at the function level. Reported budget amounts are as originally adopted or as amended by a Board of Education resolution.

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

1. Based upon requests from District staff, the District Administration recommends budget proposals to the Board of Education.
2. 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.
3. 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.
4. Pursuant to the budget hearing, the Board of Education may make alterations to the proposed budget.
5. After 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.
6. 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.
7. Encumbrance accounting is not used.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles.

NOTE 2 - Excess of Actual Expenditure Over Budget - The following expenditure classifications were in excess of \$1,000 over budget.

General/Special Education	Other support services	\$	401,238
General/Special Education	Transfer to other funds		499,993

MANITOWOC PUBLIC SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM PENSION SCHEDULES
YEAR ENDED JUNE 30, 2021

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Last 10 Fiscal Years *

	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2021	0.21564170%	\$ (13,462,810)	\$35,617,091	-37.80%	105.26%
2020	0.21887575%	(7,057,553)	34,383,230	-20.53%	102.96%
2019	0.22219099%	7,904,858	33,681,628	23.47%	96.45%
2018	0.22434686%	(6,661,124)	33,107,599	-20.12%	102.93%
2017	0.22583381%	1,861,411	32,489,589	5.73%	99.12%
2016	0.22878762%	3,717,754	32,025,120	11.61%	98.20%
2015	0.23324520%	(5,749,141)	31,813,322	-18.07%	102.74%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 2,404,154	\$ (2,404,154)	\$ -	\$ 35,617,091	6.75%
2020	2,252,110	(2,252,110)	-	34,383,230	6.55%
2019	2,256,674	(2,256,674)	-	33,681,628	6.70%
2018	2,251,317	(2,251,317)	-	33,107,599	6.80%
2017	2,144,314	(2,144,314)	-	32,489,589	6.60%
2016	2,177,710	(2,177,710)	-	32,025,120	6.80%
2015	2,226,937	(2,226,937)	-	31,813,322	7.00%

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

The District implemented the Government Accounting Standards Board Statement No. 68 for the year ended June 30, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2021

Changes of benefit terms - there were no changes of benefit terms for any participating employer in WRS.

Changes of assumptions - no significant changes in assumptions were noted from the prior year.

MANITOWOC PUBLIC SCHOOL DISTRICT
WISCONSIN RETIREMENT SYSTEM LOCAL RETIREE LIFE INSURANCE FUND SCHEDULES
YEAR ENDED JUNE 30, 2021

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Last 10 Fiscal Years *

	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)
2021	0.65311900%	\$ 3,592,626	\$ 30,695,000	11.70%	31.36%
2020	0.60961300%	2,595,851	30,143,000	8.61%	37.58%
2019	0.62316700%	1,607,981	29,666,000	5.42%	48.69%
2018	0.61293200%	1,844,055	25,775,544	7.15%	44.81%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years *

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2021	\$ 13,023	\$ (13,023)	\$ -	\$ 30,695,000	0.04%
2020	11,020	(11,020)	-	30,143,000	0.04%
2019	12,006	(12,006)	-	29,666,000	0.04%
2018	11,639	(11,639)	-	25,775,544	0.05%

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

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2021

Changes of benefit terms - there were no changes of benefit terms for any participating employer in LRLIF.

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

MANITOWOC PUBLIC SCHOOL DISTRICT
SUPPLEMENTAL PENSION DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2021

SCHEDULE OF CHANGES IN THE PENSION LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability					
Service cost	\$ 126,718	\$ 126,599	\$ 130,136	\$ 127,924	\$ 127,924
Interest	47,213	56,069	56,535	50,408	50,823
Differences between expected and actual experience	-	(44,102)	-	22,020	-
Changes of assumptions or other inputs	78,364	2,801	(14,812)	(16,755)	-
Benefit payments	<u>(280,974)</u>	<u>(294,294)</u>	<u>(286,144)</u>	<u>(213,215)</u>	<u>(171,971)</u>
Net Changes in Total Pension Liability	(28,679)	(152,927)	(114,285)	(29,618)	6,776
Total Pension Liability - Beginning	<u>1,426,082</u>	<u>1,579,009</u>	<u>1,693,294</u>	<u>1,722,912</u>	<u>1,716,136</u>
Total Pension Liability - Ending	<u>\$ 1,397,403</u>	<u>\$ 1,426,082</u>	<u>\$ 1,579,009</u>	<u>\$ 1,693,294</u>	<u>\$ 1,722,912</u>
Covered payroll	\$ 34,109,882	\$ 34,109,882	\$ 32,035,413	\$ 32,035,413	\$ 32,712,208
Total pension liability as a percentage of covered payroll	4.10%	4.18%	4.93%	5.29%	5.27%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -	\$ 180,596
Contributions in relation to the actuarially determined contributions	<u>(280,974)</u>	<u>(294,294)</u>	<u>(286,144)</u>	<u>(213,215)</u>	<u>(171,971)</u>
Contribution deficiency (excess)	<u>\$ (280,974)</u>	<u>\$ (294,294)</u>	<u>\$ (286,144)</u>	<u>\$ (213,215)</u>	<u>\$ 8,625</u>
Covered payroll	\$ 34,109,882	\$ 34,109,882	\$ 32,035,413	\$ 32,035,413	\$ 32,712,208
Contributions as a percentage of covered payroll	0.82%	0.86%	0.89%	0.67%	0.53%
Actuarial valuation date	6/30/2019	6/30/2019	6/30/2017	6/30/2017	6/30/2016
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016

The District implemented the Government Accounting Standards Board Statement No. 73 for the year ended June 30, 2017. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2021

Methods and assumptions used to determine actuarial calculations - entry age normal cost, level % amortization, 2.25% discount rate, 3% salary increases, Wisconsin 2018 mortality table.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - the discount rate changed from 3.5% to 2.25%.

MANITOWOC PUBLIC SCHOOL DISTRICT
OPEB HEALTHCARE DEFINED BENEFIT PLAN SCHEDULES
YEAR ENDED JUNE 30, 2021

SCHEDULE OF CHANGES IN THE OPEB HEALTHCARE LIABILITY AND RELATED RATIOS
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Healthcare Liability				
Service cost	\$ 264,353	\$ 245,717	\$ 256,075	\$ 256,075
Interest	191,532	184,456	174,049	166,522
Differences between expected and actual experience	-	607,085	-	-
Changes of assumptions or other input	418,902	208,913	(74,482)	-
Benefit payments	<u>(768,699)</u>	<u>(635,264)</u>	<u>(173,655)</u>	<u>(241,424)</u>
Net Changes in Total OPEB Healthcare Liability	106,088	610,907	181,987	181,173
Total OPEB Healthcare Liability - Beginning	<u>5,724,512</u>	<u>5,113,605</u>	<u>4,931,618</u>	<u>4,750,445</u>
Total OPEB Healthcare Liability - Ending (a)	<u>\$ 5,830,600</u>	<u>\$ 5,724,512</u>	<u>\$ 5,113,605</u>	<u>\$ 4,931,618</u>
Covered payroll	\$ 34,109,882	\$ 34,109,882	\$ 32,035,413	\$ 32,035,413
Total OPEB Healthcare Liability as a percentage of covered payroll	17.09%	16.78%	15.96%	15.39%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contributions	<u>(768,699)</u>	<u>(635,264)</u>	<u>(173,655)</u>	<u>(241,424)</u>
Contribution deficiency (excess)	<u>\$ (768,699)</u>	<u>\$ (635,264)</u>	<u>\$ (173,655)</u>	<u>\$ (241,424)</u>
Covered payroll	\$ 34,109,882	\$ 34,109,882	\$ 32,035,413	\$ 32,035,413
Contributions as a percentage of covered payroll	2.25%	1.86%	0.54%	0.75%
Actuarial valuation date	6/30/2019	6/30/2019	6/30/2017	6/30/2017
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017

The District implemented the Government Accounting Standards Board Statement No. 75 for the year ended June 30, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the proceeding years.

Notes to Required Supplementary Information for the Year Ended June 30, 2021

Methods and assumptions used to determine actuarial calculations - entry age normal cost, level % amortization, 2.25% discount rate, Wisconsin 2018 mortality table.

Changes of benefit terms - there were no changes of benefit terms.

Changes of assumptions - the discount rate changed from 3.5% to 2.25%.

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

SUPPLEMENTARY INFORMATION

MANITOWOC PUBLIC SCHOOL DISTRICT
 COMBINING BALANCE SHEETS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRUST	FOOD SERVICE	NON-REFERENDUM	LONG-TERM CAPITAL IMPROVEMENT TRUST		
ASSETS						
Cash and investments	\$ 550,945	\$ 776,713	\$ -	\$ 1,136,793	\$ 2,464,451	
Due from other governments	-	134,974	-	-	134,974	
Inventories	-	64,794	-	-	64,794	
TOTAL ASSETS	<u>550,945</u>	<u>976,481</u>	<u>-</u>	<u>1,136,793</u>	<u>2,664,219</u>	
LIABILITIES						
Accounts payable	5,635	102,018	-	-	107,653	
Unearned revenue	-	41,302	-	-	41,302	
TOTAL LIABILITIES	<u>5,635</u>	<u>143,320</u>	<u>-</u>	<u>-</u>	<u>148,955</u>	
FUND BALANCES						
Nonspendable	-	64,794	-	-	64,794	
Restricted	545,310	768,367	-	1,136,793	2,450,470	
TOTAL FUND BALANCES	<u>545,310</u>	<u>833,161</u>	<u>-</u>	<u>1,136,793</u>	<u>2,515,264</u>	
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 550,945</u>	<u>\$ 976,481</u>	<u>\$ -</u>	<u>\$ 1,136,793</u>	<u>\$ 2,664,219</u>	

MANITOWOC PUBLIC SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECT FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	TRUST	FOOD SERVICE	NON-REFERENDUM	LONG-TERM CAPITAL IMPROVEMENT TRUST		
REVENUES						
Other local sources	\$ 136,320	\$ 25,332	\$ -	\$ 582		\$ 162,234
State sources	-	33,580	-	-		33,580
Federal sources	-	2,308,943	-	-		2,308,943
Other sources	-	1,191	-	-		1,191
TOTAL REVENUES	<u>136,320</u>	<u>2,369,046</u>	<u>-</u>	<u>582</u>		<u>2,505,948</u>
EXPENDITURES						
Current						
Instruction						
Regular instruction	98,261	-	-	-		98,261
Other instruction	21,366	-	-	-		21,366
Total instruction	<u>119,627</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>119,627</u>
Support service						
Business services	9,348	1,992,451	-	-		2,001,799
Non-program transactions	-	310	-	-		310
Debt service						
Principal	-	-	1,035,000	-		1,035,000
Interest	-	-	99,525	-		99,525
Total debt service	<u>-</u>	<u>-</u>	<u>1,134,525</u>	<u>-</u>		<u>1,134,525</u>
Capital outlay	2,098	31,706	-	-		33,804
TOTAL EXPENDITURES	<u>131,073</u>	<u>2,024,467</u>	<u>1,134,525</u>	<u>-</u>		<u>3,290,065</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,247</u>	<u>344,579</u>	<u>(1,134,525)</u>	<u>582</u>		<u>(784,117)</u>
OTHER FINANCING SOURCES						
Net transfer (to) from other funds	-	-	1,134,525	500,000		1,634,525
NET CHANGE IN FUND BALANCE	5,247	344,579	-	500,582		850,408
FUND BALANCES - BEGINNING OF YEAR	393,936	488,582	-	636,211		1,518,729
CHANGE IN ACCOUNTING PRINCIPLE	146,127	-	-	-		146,127
FUND BALANCES - END OF YEAR	<u>\$ 545,310</u>	<u>\$ 833,161</u>	<u>\$ -</u>	<u>\$ 1,136,793</u>		<u>\$ 2,515,264</u>

MANITOWOC PUBLIC SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOL AUTHORIZER OPERATING COSTS
YEAR ENDED JUNE 30, 2021

<u>OPERATING ACTIVITY</u>	<u>WUFAR OBJECT CODE</u>	<u>COST</u>
Employee salary	100	\$ -
Employee benefits	200	-
Purchased services	300	-
Non-capital objects	400	-
Capital objects	500	-
Insurance and judgements	700	-
Other expenses	900	-
Total		<u>\$ -</u>

MANITOWOC PUBLIC SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH ENTITY IDENTIFYING NUMBER	ASSISTANCE LISTING NUMBER	PROGRAM OR AWARD AMOUNT	RECEIVABLE (UNEARNED REVENUE) JULY 1, 2020	REVENUES		RECEIVABLE (UNEARNED REVENUE) JUNE 30, 2021	SUBRECIPIENT PASS-THROUGH EXPENDITURES
					GRANTOR REIMBURSEMENTS	EXPENDITURES		
U.S. DEPARTMENT OF AGRICULTURE								
Wisconsin Department of Public Instruction								
<u>Child Nutrition Cluster</u>								
Food Distribution		10.555						
July 1, 2020 - June 30, 2021	None		N/A	\$ -	\$ 145,680	\$ 145,680	\$ -	\$ -
COVID-19 - Special Milk Program for Children		10.556						
July 1, 2020 - June 30, 2021	2021-363290-DPI-SMP-548		N/A	-	428	428	-	-
COVID-19 - Summer Food Service Program for Children		10.559						
July 1, 2019 - June 30, 2020	2020-363290-DPI-SFSP-566		N/A	171,199	171,199	-	-	-
July 1, 2020 - June 30, 2021	2021-363290-DPI-SFSP-566		N/A	-	1,982,435	2,117,409	134,974	-
Total Child Nutrition Cluster				171,199	2,299,742	2,263,517	134,974	-
CN School Food Equipment Grant Public		10.579						
July 1, 2020 - June 30, 2021	None		N/A	-	4,239	4,239	-	-
Fresh Fruit and Vegetable Program - July		10.582						
July 1, 2020 - June 30, 2021	2021-363290-DPI-FFVPJULPUB-594		N/A	-	6,032	6,032	-	-
Fresh Fruit and Vegetable Program - October		10.582						
July 1, 2019 - June 30, 2020	2020-363290-20FFVP-OCT-376		N/A	6,823	6,823	-	-	-
July 1, 2020 - June 30, 2021	2021-363290-FFVPOCTPUB-376		N/A	-	35,154	35,154	-	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				178,022	2,351,990	2,308,942	134,974	-
U.S. DEPARTMENT OF EDUCATION								
Wisconsin Department of Public Instruction								
<u>Special Education Cluster</u>								
Special Education - Grants to States (IDEA Part B)		84.027A						
July 1, 2019 - June 30, 2020	2020-363290-DPI-IDEA-F-341		N/A	275,061	275,061	-	-	-
July 1, 2020 - June 30, 2021	2021-363290-DPI-IDEA-FT-341			\$ 1,459,174	-	890,771	1,069,234	178,463
Special Education - Preschool Grants (IDEA Preschool)		84.173A						
July 1, 2019 - June 30, 2020	2020-363290-DPI-IDEA-P-347		N/A	3,295	3,295	-	-	-
July 1, 2020 - June 30, 2021	2021-363290-DPI-IDEA-P-347			47,564	38,177	46,985	8,808	-
Total Special Education Cluste				278,356	1,207,304	1,116,219	187,271	-
<u>Education Stabilization Fund</u>								
COVID-19 - Governor's Emergency Education Relief		84.425C						
July 1, 2020 - September 30, 2022	2021-363290-DPI-GEERF-162			722,753	-	-	499,432	499,432
COVID-19 - Elementary and Secondary School Emergency Relief		84.425D						
March 13, 2020 - September 30, 2022	2021-363290-DPI-ESSERF-160			847,129	-	479,865	808,519	328,654
COVID-19 - Elementary and Secondary School Emergency Relief		84.425D						
March 13, 2020 - September 30, 2021	2021-363290-DPI-ESSERF-163			2,049,250	-	-	41,302	41,302
Total Education Stabilization Func				-	479,865	1,349,253	869,388	-
Title IA - Grants to Local Educational Agencies		84.010A						
July 1, 2019 - June 30, 2020	2020-363290-TIA-141		N/A	330,191	330,191	-	-	-
July 1, 2020 - June 30, 2021	2021-363290-DPI-TIA-141			1,155,959	-	624,416	1,076,515	452,099
Title III-A - English Language Acquisition Grants		84.365A						
July 1, 2019 - June 30, 2020	2020-363290-DPI-T3-391		N/A	8,591	8,591	-	-	-
July 1, 2020 - June 30, 2021	2020-363290-DPI-T3A-391			68,321	-	53,868	67,416	13,548
Title II-A - Supporting Effective Instruction State Grants		84.367A						
July 1, 2019 - June 30, 2020	2020-363290-TIIA-365		N/A	31,329	31,329	-	-	-
July 1, 2020 - June 30, 2021	2021-363290-TIIA-365			174,951	-	123,154	174,951	51,797
Title IV-A - Student Support and Academic Enrichment		84.424A						
July 1, 2019 - June 30, 2020	2020-363290-TIVA-DPI-381		N/A	34,247	34,247	-	-	-
July 1, 2020 - June 30, 2021	2021-363290-TIV-A-DPI-381			74,547	-	34,137	45,090	10,953
TOTAL U.S. DEPARTMENT OF EDUCATION				682,714	2,927,102	3,829,444	1,585,056	2,464
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Wisconsin Department of Health Services								
<u>Medicaid Cluster</u>								
Medical Assistance		93.778						
July 1, 2019 - June 30, 2020	None		N/A	13,658	13,658	-	-	-
July 1, 2020 - June 30, 2021	None		N/A	-	533,941	562,319	28,378	-
Total Medicaid Cluster				13,658	547,599	562,319	28,378	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				13,658	547,599	562,319	28,378	-
TOTAL FEDERAL AWARDS				\$ 874,394	\$ 5,826,691	\$ 6,700,705	\$ 1,748,408	\$ 2,464

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT1
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

AWARDING AGENCY PASS-THROUGH AGENCY AWARD DESCRIPTION	PASS-THROUGH	STATE	RECEIVABLE	REVENUE		RECEIVABLE	SUBRECIPIENT
	ENTITY IDENTIFYING NUMBER	I.D. NUMBER	(UNEARNED REVENUE) JULY 1, 2020	GRANTOR REIMBURSEMENTS	EXPENDITURES	(UNEARNED REVENUE) JUNE 30, 2021	PASS-THROUGH EXPENDITURES
WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION							
Wisconsin Department of Public Instruction							
Special Education and School Age Parents	363290-101	255.101	\$ -	\$ 2,819,312	\$ 2,819,312	\$ -	\$ -
State School Lunch Aid	363290-107	255.102	-	17,269	17,269	-	-
Common School Fund Library Aid	363290-104	255.103	-	247,662	247,662	-	-
Bilingual/Bicultural Aid	363290-111	255.106	-	93,302	93,302	-	-
General Transportation Aid	363290-102	255.107	-	28,983	28,983	-	-
General Aids Cluster							
Equalization Aid	393290-116	255.201	557,714	35,149,259	35,131,765	540,220	-
High Cost Special Education Aid	363290-119	255.210	-	60,029	60,029	-	-
Supplemental Per Pupil Aid	363290-181	255.245	-	15,295	15,295	-	-
School Breakfast Program	363290-108	255.344	-	16,311	16,311	-	-
Early College Credit Program	363290-178	255.445	-	8,101	8,101	-	-
Student Achievement Guarantee in Education	363290-160	255.504	-	851,843	851,843	-	-
Educator Effectiveness Evaluation System	363290-154	255.940	-	31,680	31,680	-	-
Per Pupil Aid	363290-135	255.945	-	3,734,486	3,734,486	-	-
Career and Technical Education Incentive	363290-151	255.950	-	59,823	59,823	-	-
Assessment of Reading Readiness	363290-166	255.956	-	10,367	10,367	-	-
Aid for Special Education Transition Grant BBL	363290-168	255.960	-	13,000	13,000	-	-
TOTAL WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION			557,714	43,156,722	43,139,228	540,220	-
WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT							
Cooperative Educational Service Agency #6							
Youth Apprenticeship State Grant	None	445.112	28,000	42,400	28,800	14,400	-
WISCONSIN DEPARTMENT OF JUSTICE							
Security Updates and Mental Health Training	None	445.206	7,718	54,062	46,344	-	-
WISCONSIN DEPARTMENT OF NATURAL RESOURCES							
Payment in Lieu of Taxes	None	None	-	9,646	9,646	-	-
WISCONSIN DEPARTMENT OF REVENUE							
Exempt Computer Aid	None	None	101,462	101,462	101,462	101,462	-
Exempt Personal Property Aid	None	None	-	117,790	117,790	-	-
TOTAL WISCONSIN DEPARTMENT OF NATURAL RESOURCES			101,462	219,252	219,252	101,462	-
TOTAL STATE FINANCIAL ASSISTANCE			\$ 694,894	\$ 43,482,082	\$ 43,443,270	\$ 656,082	\$ -

The accompanying notes are an integral part of these statements.

MANITOWOC PUBLIC SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2021

NOTE 1 - Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Manitowoc Public School District. The information in these schedules is presented in accordance with the requirements of Uniform Guidance and *State Single Audit Guidelines*. Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the financial statements.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable and are limited as to reimbursement.

NOTE 3 - Special Education and School Age Parents Program

2020-2021 eligible costs under the State Special Education Program are \$10,364,654.

NOTE 4 - Food Distribution Program

Non-monetary assistance is reported in the schedule of federal awards at the fair market value of the commodities received and used.

NOTE 5 - 10% De Minimis Cost Rate

Elected not to use.

**MANITOWOC PUBLIC SCHOOL DISTRICT
MANITOWOC, WISCONSIN**

OTHER REPORTS

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

To the Board of Education
Manitowoc Public School District
Manitowoc, 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 Manitowoc Public School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Manitowoc Public School District's basic financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. We consider the 2021-001 and 2021-002 deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Manitowoc Public School 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 determination of financial statement amounts. 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*.

Manitowoc Public School District's Responses to Findings

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

Purpose of this Report

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

HAWKINS ASH CPAS, LLP

A handwritten signature in cursive script that reads "Hawkins Ash CPAs, LLP".

Manitowoc, Wisconsin
December 14, 2021



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

To the Board of Education
Manitowoc Public School District
Manitowoc, Wisconsin

Report on Compliance for Each Major Federal and State Program

We have audited the Manitowoc Public School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *State Single Audit Guidelines* that could have a direct and material effect on each of the Manitowoc Public School District's major federal and state programs for the year ended June 30, 2021. The Manitowoc Public School 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.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

HAWKINS ASH CPAS, LLP



Manitowoc, Wisconsin
December 14, 2021

MANITOWOC PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Noncompliance material to the financial statements?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over financial reporting:

Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of major federal programs:

<u>Assistance Number</u>	<u>Name of Federal Program or Cluster</u>
84.027/84.173	IDEA Cluster
84.425C/84.425D	Education Stabilization Fund

State Assistance

Internal control over financial reporting:

Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with *State Single Audit Guidelines*?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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MANITOWOC PUBLIC SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
 JUNE 30, 2021

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program or Cluster</u>
255.101	Special Education and School Age Parents
255.107	General Transportation Aid
255.201	Equalization Aid
255.945	Per Pupil Aid

Dollar threshold used to distinguish between:

Type A and Type B federal programs:	\$750,000
Type A and Type B state programs:	\$250,000

Auditee qualified as low-risk auditee? X Yes No

Section II - Financial Statement Findings and Questioned Costs

2021-001 - Preparation of Financial Statements

Program: District-Wide

Criteria: Adequate internal controls necessitate personnel to have knowledge and training which would enable them to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP).

Condition: Personnel cannot prepare GAAP basis financial statements.

Questioned Costs: Not applicable.

Context: Personnel have adequate knowledge and experience in governmental accounting and interim reporting requirements; however, their limited knowledge and lack of training limits their ability to prepare GAAP basis financial statements.

Effect: This weakness could result in the possibility of undetected errors and irregularities.

Information: Isolated instance.

Prior Year Finding: This was a prior year finding numbered 2020-001.

Recommendation: Obtain adequate training or continue to hire a certified public accounting (CPA) firm to prepare GAAP basis financial statements.

Management's Response: Due to the complexities involved with preparing GAAP basis financial statements, management has weighed the cost-benefit of training personnel or hiring a CPA firm. Management has concluded to hire a CPA firm.

2021-002 - Significant Audit Adjustments

Program: District-Wide

Criteria: Generally accepted accounting principles.

MANITOWOC PUBLIC SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
JUNE 30, 2021

Condition: Significant audit adjustments were required to prevent the District's financial statements from being misstated.

Questioned Costs: Not applicable.

Context: Internal controls did not identify that an adjustment should be recorded.

Effect: This weakness could result in undetected errors and irregularities and misstated interim financial reports.

Information: Isolated instance.

Prior Year Finding: This was not a prior year finding.

Recommendation: Improve the District's financial reporting internal controls to prevent these types of adjustments from occurring in the future. Document which accounting procedures are needed to be completed on a recurring basis to detect significant adjustments.

Management's Response: The District will incorporate financial reporting internal controls to detect significant adjustments, prevent misstated financial statements and increase the accuracy of the interim financial reports used by management.

Section III - Federal and State Award Findings and Questioned Costs

None



Manitowoc Public School District

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
JUNE 30, 2021

Summary Schedule of Prior Audit Findings

2020-001 - Preparation of Financial Statements - Repeat. Initially occurred 6/30/19.

Corrective Action Plan

2021-001 - Preparation of Financial Statements - Contact: Angela Erdmann, Director of Business Services. Completion date: N/A. Due to the complexities of governmental reporting in accordance with GAAP, i.e. financial statements and related disclosure reporting, District management has weighed the cost benefit of training current staff or hiring a Certified Public Accountant on staff for the purposes of preparing the external financial statements in accordance with GAAP. District management has concluded to outsource the preparation of the external financial statements and related disclosures to their certified public accounting firm, which is an acceptable practice according to *Government Auditing Standards*. District management will review and approve the externally prepared financial statements.

2021-002 - Significant Audit Adjustments - Contact: Angela Erdmann, Business Manager. Completion date: June 30, 2022. The District will improve its financial reporting internal controls by reconciling accounts on a recurring basis to prevent significant audit adjustments. District management will review and approve the audit adjustments.