

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 3, 2024**

**SALE DATE AND TIME:**

**June 10, 2024**

**10:00 A.M. CDT**

**NEW ISSUE – BOOK-ENTRY ONLY  
– BANK QUALIFIED**

**RATING: NON-RATED**

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

**\$2,300,000\***

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA  
PORTAGE AND WAUPACA COUNTIES, WISCONSIN  
GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024**

**Dated: Date of Issuance**

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

The General Obligation Promissory Notes, Series 2024 (the "Notes") of the School District of Iola-Scandinavia, Portage and Waupaca Counties, Wisconsin (the "District"), are issuable as fully registered notes under the global book-entry system operated by The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only. Beneficial owners of the Notes will not receive physical delivery of note certificates. The Notes are issued in fully registered form in denominations of \$5,000 or any integral multiple thereof and will bear interest payable on April 1 and October 1 of each year, with April 1, 2025 as the first interest payment date. Associated Trust Company, National Association, Green Bay, Wisconsin, will act as note registrar and paying agent for the Notes. Details of payment of the Notes are described herein. Interest is calculated based on a 360-day year of twelve 30-day months.

Proceeds of the Notes will be used (i) to pay the cost of a district-wide school facility improvement project consisting of: building systems, infrastructure, safety and security improvements, including remodeling for secure main entrances; and acquisition of furnishings, fixtures and equipment, and (ii) to pay certain costs associated with the issuance of the Notes.

The Notes are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes. The Notes will be general obligations of the District for which its full faith and credit and taxing powers are pledged which taxes may, under current law, be levied without limitation as to rate or amount. See "THE NOTES – Security and Payment" herein.

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

The Notes are being offered at public sale, subject to the approval of legality by Quarles & Brady LLP, Milwaukee, Wisconsin, Bond Counsel. Quarles & Brady LLP is also acting as Disclosure Counsel to the District. Delivery of the Notes will be through the facilities of DTC on or about July 1, 2024.



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

\*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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

### \$2,300,000\* General Obligation Promissory Notes, Series 2024

<u>Maturity</u> <u>(April 1)</u>	<u>Amount (\$)*</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP<sup>(1)</sup></u> <u>(461890)</u>
2025	40,000			
2026	80,000			
2027	140,000			
2028	250,000			
2029	260,000			
2030	280,000			
2031	295,000			
2032	305,000			
2033	320,000			
2034	330,000			

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

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

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

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

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

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

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

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

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

Certain persons participating in this offering may engage in transactions that maintain or otherwise affect the price of the Notes. Specifically, the Underwriter may overallocate in connection with the offering, may bid for, and purchase, the Notes in the open market. The prices and other terms respecting the offering and sale of the Notes may be changed from time to time by the Underwriter after the Notes are released for sale, and the Notes may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Notes into investment accounts.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA  
Portage and Waupaca Counties, Wisconsin  
450 Division Street  
Iola, Wisconsin 54945  
(715) 445-2411**

\* \* \* \* \*

**School Board**

Michael Harbridge, President  
Tony Neumann, Vice President  
Diana Jones, Clerk  
Laura Krogwold, Treasurer  
Jason Boris, Director  
Michael Grassl, Director  
Vanessa Kirmse, Director

**District Administrator**

Chris Nelson

**Business Manager**

Sarah Thiel

\* \* \* \* \*

**Paying Agent/Registrar**

Associated Trust Company, National Association  
200 North Adams Street  
Green Bay, Wisconsin 54301

**Independent Auditors**<sup>(1)</sup>

Accounting Workshop, SC  
5001 Heffron Street  
Stevens Point, Wisconsin 54481

**Municipal Advisor**

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

**Bond Counsel & Disclosure Counsel**

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

**Underwriter**

(1) KerberRose SC will be the Independent Auditors for the 2023-24 audit.

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Appendices:

- A. Form of Legal Opinion of Bond Counsel
- B. Financial Statements and Independent Auditor’s Report for the Fiscal Year Ended June 30, 2023
- C. Form of Limited Continuing Disclosure Certificate
- D. Official Notice of Sale and Bid Form

**\$2,300,000\***  
**School District of Iola-Scandinavia**  
**Portage and Waupaca Counties, Wisconsin**  
**General Obligation Promissory Notes, Series 2024**

**INTRODUCTION**

The purpose of this Official Statement is to set forth certain information concerning the School District of Iola-Scandinavia, Portage and Waupaca Counties, Wisconsin (the “District”), in connection with the offering and sale of its \$2,300,000\* General Obligation Promissory Notes, Series 2024 (the “Notes”). This Official Statement includes the cover page, the reverse thereof and the Appendices. Certain factors that may affect an investment decision concerning the Notes are described throughout this Official Statement. Persons considering a purchase of the Notes should read this Official Statement in its entirety.

**THE NOTES**

**General Description**

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

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

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

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

**Registration and Exchange**

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

The Notes are transferable only through the Register upon surrender of a Note to the Registrar by the registered owner in person or his duly authorized attorney, only in the event that the Depository

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\* Preliminary, subject to change.

does not continue to act as securities depository for the Notes. The Registrar shall not be obliged to make any transfer of the Notes during the period after the close of business on the Record Date and before the opening of business on the related interest payment date.

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

## **Authority and Summary of Resolutions**

### *Initial Resolution; Referendum*

By way of a resolution adopted on December 11, 2023 (the “Initial Resolution”), the School Board (the “Board”) authorized the issuance of general obligation bonds in an amount not to exceed \$2,300,000 for the public purpose of paying the cost of a district-wide school facility improvement project consisting of: building systems, infrastructure, safety and security improvements, including remodeling for secure main entrances; and acquisition of furnishings, fixtures and equipment (the “Project”).

By way of a resolution also adopted on December 11, 2023, the Board provided for a referendum election to be held on April 2, 2024 (the “Referendum”). The District gave notice to the electors relating to the Referendum at which time the electors would vote to approve or reject the Initial Resolution.

On April 2, 2024, the Referendum was held in the District on the proposition of whether the Initial Resolution should be approved at which 826 votes (66.72%) were cast in favor of approval of the Initial Resolution and 412 votes (33.28%) were cast against approval of the Initial Resolution.

The Notes constitute the entire amount approved by voters of the District for the Project.

### *Award Resolution*

By way of a resolution to be adopted on June 10, 2024 (the “Award Resolution”), the District will accept the bid (or reject all bids) of the Underwriter (defined herein) for the purchase of the Notes, provide the details and form of the Notes and set out certain covenants with respect thereto. The Award Resolution pledges the full faith, credit and resources of the District to payments of the principal and interest on the Notes. Pursuant to the Award Resolution, the amount of direct, annual, irrevocable taxes levied for collection in the years 2025 through 2034 which will be sufficient to meet the principal and interest payments on the Notes when due will be specified (or monies to pay such debt service will otherwise be appropriated). The Award Resolution establishes separate and distinct from all other funds of the District a debt service fund with respect to payment of principal and interest on the Notes.



## **Security and Payment**

The Notes will be general obligations of the District for which its full faith and credit and taxing powers are pledged which taxes may, under current law, be levied without limitation as to rate or amount. The District is authorized and required by law to levy on all property taxable by the District such as ad valorem taxes as may be necessary to pay the Notes and the interest thereon. The tax will be levied under the Award Resolution for collection in each of the years 2025 through 2034 (or monies to pay such debt service will otherwise be appropriated).

## **Optional Redemption**

The Notes due on and after April 1, 2033 are subject to redemption prior to maturity, at the option of the District, in whole or in part, from maturities selected by the District and within each maturity by lot, in integral multiples of \$5,000, on April 1, 2032 or on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

## **Redemption Procedures**

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

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

Moneys sufficient to pay the redemption price of the Notes to be redeemed shall be deposited by the District with the Registrar prior to any redemption date. Official notice of redemption having been given as aforesaid, the Notes or portions of Notes so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in payment of redemption price), such Notes or portion of Notes shall cease to bear or accrue interest. Neither the failure to mail such redemption notices, nor any defect in any notice so mailed, to any particular owner of a Note, shall affect the sufficiency of such notice with respect to other registered owners. Notice having been properly given, failure of a registered owner of a Note to receive such notice shall not be deemed to invalidate, limit or delay the effect of the notice or redemption action described in the notice.

**THE PLAN OF FINANCE**

As a result of the Referendum, the District has been authorized to issue general obligation bonds in an amount not to exceed \$2,300,000 for the public purpose of paying the cost of the Project with an expected completion date of October 2025.

The safety, security, and maintenance upgrade projects are designed to create a safe and efficient environment. The key features of these upgrades include:

- A safe and secure remodel of the main entrance of the middle/high school
- New boilers at the middle/high school and HVAC control system
- Replace exterior windows at the elementary school
- Replace interior doors
- Repair and replace roofs on sections of various district buildings

**SOURCES AND USES**

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

**Estimated Sources of Funds**

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

**Estimated Uses of Funds**

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

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

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

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

## **General Obligation Bonds**

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

## **Refunding Bonds**

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

## **Promissory Notes**

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

## **Bond Anticipation Notes**

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

## **Temporary Borrowing**

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

## **Debt Limit**

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

## **BOOK-ENTRY SYSTEM**

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

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

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

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

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

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

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

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

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

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

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

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

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

**THE DISTRICT**

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

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

**The School Board of the District**

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

Title	Name	Current Term Expires
President.....	Michael Harbridge.....	April 2025
Vice President.....	Tony Neumann.....	April 2025
Clerk.....	Diana Jones.....	April 2027
Treasurer.....	Laura Krogwold.....	April 2026
Director.....	Jason Boris.....	April 2027
Director.....	Michael Grassl.....	April 2025
Director.....	Vanessa Kirmse.....	April 2026

**Administration**

The Board is empowered to employ a District Administrator to conduct the affairs and programs of the District. The present District Administrator is Chris Nelson, who has been with the District since 2023. Prior to his role as District Administrator, Mr. Nelson was the Middle/High School principal at the District. Other members of the Administrative Staff are as follows:

Name	Title	Year Started
Stacey Wester.....	Elementary School Principal.....	2016
Sarah Thiel.....	Business Manager.....	2013
Jan Bue- Wells.....	Middle/High School Principal.....	2023 <sup>(1)</sup>
Robert Lashua.....	Buildings and Grounds Director.....	2022
Gerald Trzbiatowski.....	Transportation Director.....	2013
Tim Welch.....	Fitness & Aquatic Director.....	2014
Diane Pederson.....	Food Service Director.....	2020
Chris Kasper.....	IT/Network Director.....	2015
Kimberlisa Przychocki.....	Special Ed & Pupil Services Director.....	2022

(1) Prior role as a math teacher in Milton, Wisconsin.

**District Facilities**

Facility	Grades Served	2023-2024		Years of Additions/Renovations
		Enrollment	Constructed	
Iola-Scandinavia Elementary School.....	4K-6	300	1961	1971, 1991, 2000
Iola-Scandinavia Middle/High School.....	7-12	324	1979	1994, 2001
Iola-Scandinavia Fitness & Aquatic Center.....	N/A	N/A	2001	N/A

**School Enrollments**

Year	Enrollment	Year	Projected Enrollment <sup>(1)</sup>
2019-20	661	2024-25	606
2020-21	634	2025-26	593
2021-22	625	2026-27	558
2022-23	604	2027-28	540
2023-24	624	2028-29	525

(1) Projected by the District, based on the Frontline’s Financial Planning Analytics tool (formerly 5Cast) and typically uses a “Roll Up” or “5 Year Cohort” method for projections. Enrollment is projected to decrease over the next several years, due primarily to incoming 4K class sizes being smaller than outgoing graduating classes, resulting in an expected net loss of 10-15 students per year.

**Employee Relations**

Department	Number of Employees
Administration.....	9
Teachers, Professional Staff.....	55
Custodians.....	5
Paraprofessionals.....	22
Food Service.....	8
Clerical.....	5
Bus Drivers.....	3
<b>Total.....</b>	<b>107</b>

The District employees are currently not represented by any collective bargaining groups.

The District considers its relationship with its employees to be positive.

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

As a result of the 2011 amendments to MERA, the District is prohibited from bargaining collectively with municipal employees with respect to any factor or condition of employment except

total base wages. Even then, the District is limited to increasing total base wages beyond any increase in the consumer price index since 180 days before the expiration of the previous collective bargaining agreement (unless the District were to seek approval for a higher increase through a referendum). Ultimately, the District can unilaterally implement the wages for a collective bargaining unit.

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

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

## **Pension Plan**

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

District employees are generally required to contribute half of the actuarially determined contributions, and the District generally may not pay the employees' required contribution. The total retirement plan contributions (not including any employee contributions) for the fiscal years ended June 30, 2021 ("Fiscal Year 2021"), June 30, 2022 ("Fiscal Year 2022") and June 30, 2023 ("Fiscal Year 2023") totaled \$278,948, \$296,942 and \$299,051, respectively.

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



plan's fiduciary net position exceeds the pension plan's total pension liability, then a net pension asset results.

As of December 31, 2022, the total pension liability of the WRS was calculated as \$123.7 billion and the fiduciary net position of the WRS was calculated as \$118.4 billion, resulting in a net pension liability of \$5.3 billion.

Under GASB 68, each participating employer in a cost-sharing pension plan must report the employer's proportionate share of the net pension liability or net pension asset of the pension plan. Accordingly, for Fiscal Year 2023, the District reported a liability of \$1,350,165 for its proportionate share of the net pension liability of the WRS. The net pension liability was measured as of December 31, 2022 based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. The District's proportion was 0.02548586% of the aggregate WRS net pension liability as of December 31, 2022.

The calculation of the total pension liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net pension liability of the WRS, which may also cause the ETF Board to change the contribution requirements for employers and employees. For more detailed information regarding the WRS and such actuarial assumptions, see Note 6 in "Appendix B – Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2023" attached hereto.

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

The District provides "other post-employment benefits" ("OPEB") (i.e., post-employment benefits, other than pension benefits, owed to its employees and former employees) to employees who have terminated their employment with the District and have satisfied specified eligibility standards through a single-employer plan. Membership of the plan consisted of one retiree receiving benefits and 64 active eligible plan members as of June 30, 2020, the date of the latest actuarial valuation.

OPEB calculations are required to be updated every two years and prepared in accordance with Statements No. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75"). An actuarial study for the plan prepared in accordance with GASB 74/75 was most recently completed by Key Benefit Concepts, LLC in November, 2020 with an actuarial valuation date of June 30, 2020. The District's auditors have determined that no new actuarial study is required at this time due to the amount of OPEB liability and the level of funding of the plan.

For Fiscal Year 2023, there were no District contributions to the plan because it is fully funded. The District's current funding practice is to fully fund the cost of retiree benefits in a given year on a "pay-as-you-go" basis, with additional discretionary contributions to accumulate assets for payment of future benefits.

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

As of June 30, 2020, the date of the latest actuarial valuation, the total OPEB liability of the plan was \$39,634 and the plan fiduciary net position was \$97,914, resulting in a net OPEB asset of \$58,280.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. For more detailed information

regarding such actuarial assumptions, see Note 15 in “Appendix B – Financial Statements and Independent Auditor’s Report for the Fiscal Year Ended June 30, 2023.”

The District also participates in the Local Retiree Life Insurance Fund (“LRLIF”), which is a cost-sharing multiple-employer defined benefit plan established by Chapter 40. The ETF and the Group Insurance Board have statutory authority for program administration and oversight, including establishing contribution requirements for employers.

For Fiscal Year 2023, the District’s portion of contributions to the LRLIF totaled \$1,803. For Fiscal Year 2022, the District reported a liability of \$251,932 for its proportionate share of the net OPEB liability of the LRLIF. The net OPEB liability was measured as of December 31, 2022 based on the District’s share of contributions to the LRLIF relative to the contributions of all participating employers. The District’s proportion was 0.06612700% of the aggregate LRLIF net OPEB liability as of December 31, 2022.

The calculation of the total OPEB liability and fiduciary net position are subject to a number of actuarial assumptions, which may change in future actuarial valuations. Such changes may have a significant impact on the calculation of the net OPEB liability of the LRLIF, which may also cause ETF to change the contribution requirements for employers and employees. For more detailed information regarding the LRLIF and such actuarial assumptions, see Note 15 in “Appendix B - Financial Statements and Independent Auditor’s Report for the Fiscal Year Ended June 30, 2023.”

## **GENERAL INFORMATION**

### **Location**

The District is located in the central portion of the State in Portage County and Waupaca County (the “County”) and encompasses approximately 134 square miles. The District is approximately 20 miles east of the City of Stevens Point, 130 miles north of the City of Madison and 65 miles west of the City of Green Bay. The District is accessible via Interstate 39, U.S. Highway 10 and 45, and State Highways 161 and 49.

The District is comprised of the Town of Iola (the “Town”) and the Village of Iola (the “Village”) as well as the Towns of Amherst, New Hope, Harrison, Helvetia, Saint Lawrence, Scandinavia and Wyoming, and the Village of Scandinavia.

### **Education**

The District offers a comprehensive educational program for students in the pre-kindergarten through twelfth grades. The District has one elementary school and one middle/high school.

### **Post-Secondary Education**

Post-secondary education is available nearby at schools in the University of Wisconsin System including The University of Wisconsin - Stevens Point and the University of Wisconsin – Oshkosh.

Post-secondary education is also available at Fox Valley Technical College, which is located in the City of Appleton and offers 2-year programs in a variety of fields.

**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**Population**

	<u>The District</u>	<u>The Village</u>	<u>The Town</u>	<u>The County</u>
2010 Census.....	4,665	1,301	971	52,410
Estimate, 2018.....	N/A	1,276	989	52,217
Estimate, 2019.....	N/A	1,260	985	52,368
2020 Census.....	4,571	1,249	938	51,812
Estimate, 2021.....	N/A	1,236	999	52,676
Estimate, 2022.....	N/A	1,245	939	52,309
Estimate, 2023.....	N/A	1,233	934	51,839

Source: Wisconsin Department of Administration, Demographic Services Center

**Per Return Adjusted Gross Income**

<u>Tax Year</u>	<u>The Village</u>	<u>The Town</u>	<u>The County</u>	<u>The State</u>
2018.....	\$ 44,024	\$ 53,936	\$ 49,760	\$ 59,423
2019.....	47,019	55,503	52,148	61,003
2020.....	48,742	59,456	52,818	61,518
2021.....	50,870	62,996	56,632	66,369
2022.....	54,069	66,509	60,590	70,548

Source: Wisconsin Department of Revenue

**Income & Housing**

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

	<u>The District</u>	<u>The County</u>	<u>The State</u>	<u>United States</u>
Median Home Value.....	\$193,600	\$178,500	\$231,400	\$281,900
Median Household Income.....	67,125	69,198	72,458	75,149
Median Family Income.....	80,250	84,282	92,974	92,646
Per Capita Income.....	36,436	39,147	40,130	41,261

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

## Unemployment Rate

	<u>The County</u>	<u>The State</u>
Average, 2019.....	3.1%	3.2%
Average, 2020.....	5.6	6.4
Average, 2021.....	3.6	3.9
Average, 2022.....	3.0	2.9
Average, 2023 <sup>(1)</sup> .....	3.0	3.0
April, 2023.....	2.8	2.7
April, 2024 <sup>(1)</sup> .....	2.8	3.0

(1) Preliminary.

Source: State of Wisconsin Department of Workforce Development

## Larger Employers

The larger employers in the Village are listed below:

<u>Company Name</u>	<u>Description</u>	<u>Approximate employees at location</u>
The District.....	School district.....	107
Grayhill.....	Plastic fabrication .....	50
Living Oaks.....	Assisted living facility.....	50
Sentry Food.....	Grocery store chain.....	40
Glacier Wood Golf Course.....	Golf club.....	30
The Village.....	Municipal government.....	25
Iola Old Car Show.....	Event venue.....	15
Crystal Café.....	Café.....	14
Gas Stations.....	Gas station.....	13
Bank First.....	Bank.....	7

Source: The Village

## Largest Taxpayers

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

Taxpayer	Type of Property or Business	2023 Equalized Valuation <sup>(1)</sup>
Village View Estates LLC.....	Residential.....	\$ 1,318,985
DCKMBK LLC.....	Commercial.....	810,634
Butternut Ridge LLC.....	Independent living apartments....	780,133
Iola Old Car Show Inc.....	Event venue.....	629,487
Individual.....	Individual.....	540,588
The Very Limited LLC.....	Commercial.....	478,842
Stefanik Enterprises LLC/Stefanik Enterprises II LLC.....	Commercial real estate.....	452,433
JJ Global Investments LLC.....	Hotel.....	445,241
Waupaca County Apartment Limited PTR.....	Apartments.....	384,983
Individual.....	Individual.....	372,956
	Total.....	<u>\$ 6,214,283</u>
2023 Equalized Valuation of the Village (TID IN).....		\$ 80,655,800
Percentage of 2023 Equalized Valuation of the Village (TID IN).....		7.70%
2023 Equalized Valuation of the District (TID IN).....		\$ 582,535,825
Percentage of 2023 Equalized Valuation of the District (TID IN).....		1.07%

(1) Calculated by dividing the 2023 Assessed Values by the 2023 Aggregate Ratio of assessment for the municipality in which the property is located.

Source: The Village and the Wisconsin Department of Revenue

**TAX LEVIES, RATES AND COLLECTIONS**

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

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

<u>Levy Year</u>	<u>Collection Year</u>	<u>School District Tax Rate</u>	<u>School District Levy</u>	<u>Uncollected Taxes</u>	
				<u>as of August 20 Each Year</u>	<u>Percent of Levy Collected</u>
2019	2020	11.05	\$ 4,631,165	\$ -	100%
2020	2021	10.70	4,631,161	-	100%
2021	2022	9.57	4,484,042	-	100%
2022	2023	8.65	4,306,147	-	100%
2023	2024	7.64	4,448,196	In Process of Collection	

Source: Wisconsin Department of Public Instruction and the District

**PROPORTIONATE LEVY AMOUNTS**

Municipality	2023 Equalized		Amount of Levy
	Valuation (TID OUT)	Percent of Levy	
Amherst.....	\$ 4,197,048	0.720479%	\$ 32,048
New Hope.....	18,571,477	3.188040%	141,810
Harrison.....	44,888,044	7.705628%	342,761
Helvetia.....	78,974,592	13.557036%	603,044
Iola (Town).....	166,472,500	28.577212%	1,271,170
Saint Lawrence.....	20,208,035	3.468977%	154,307
Scandinavia.....	135,460,035	23.253511%	1,034,362
Wyoming.....	8,093,594	1.389373%	61,802
Iola (Village).....	80,655,800	13.845638%	615,881
Scandinavia.....	25,014,700	4.294105%	191,010
Total.....	<u>\$ 582,535,825</u>	<u>100.000000%</u>	<u>\$ 4,448,196</u>

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

**EQUALIZED VALUATIONS**

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

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

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

Year	Equalized	Year-Over- Year Change	Equalized	Year-Over- Year Change
	Valuation (TID IN)		Valuation (TID OUT)	
2019	418,995,665	-0.74%	418,995,665	-0.74%
2020	432,645,246	3.26%	432,645,246	3.26%
2021	468,522,713	8.29%	468,522,713	8.29%
2022	497,962,919	6.28%	497,962,919	6.28%
2023	582,535,825	16.98%	582,535,825	16.98%

Source: Wisconsin Department of Revenue

**TAX INCREMENTAL DISTRICTS**

There are currently no Tax Incremental Districts located within the District.

## INDEBTEDNESS OF THE DISTRICT

### Summary of Outstanding Debt

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

Issue Description	Dated Date	Original Amount of Issue	Amount Outstanding	Final Maturity Date
General Obligation Promissory Notes, Series 2017....	04/03/17	\$ 2,000,000	\$ 765,000	04/01/27
The Notes.....	07/01/24	2,300,000 *	<u>2,300,000 *</u>	04/01/34
Total.....			<u>\$ 3,065,000 *</u>	

\*Preliminary, subject to change.

### Direct Long-Term Indebtedness

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

Calendar Year	Outstanding General Obligation Debt	The Notes*	Total Principal*	Cumulative Amount*	Retirement Percent*
2025	\$ 315,000	\$ 40,000	\$ 355,000	\$ 355,000	11.58%
2026	320,000	80,000	400,000	755,000	24.63
2027	130,000	140,000	270,000	1,025,000	33.44
2028	-	250,000	250,000	1,275,000	41.60
2029	-	260,000	260,000	1,535,000	50.08
2030	-	280,000	280,000	1,815,000	59.22
2031	-	295,000	295,000	2,110,000	68.84
2032	-	305,000	305,000	2,415,000	78.79
2033	-	320,000	320,000	2,735,000	89.23
2034	-	330,000	330,000	3,065,000	100.00
	<u>\$ 765,000</u>	<u>\$ 2,300,000</u>	<u>\$ 3,065,000</u>		

\*Preliminary, subject to change.

### Short Term Financings

The District has not borrowed for short-term cash flow purposes in the past five years. The District currently does not expect to borrow for short-term cash flow purposes in the near future.

### Future Financing

The District currently does not intend to issue any additional long-term debt in the next 12 months.



**Default Record**

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

**Overlapping Indebtedness**

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

Name	Amount of Debt Outstanding (Net of 2024 Sinking Funds)	Percent Allocable to the District	Outstanding Debt Allocable to the District
Village of Iola.....	\$ 1,180,192	100.00%	\$ 1,180,192
Town of Amherst.....	393,739	1.92%	7,560
Town of Saint Lawrence.....	6,297	25.00%	1,574
Town of Wyoming.....	102,019	16.22%	16,547
Portage County.....	6,015,000	0.26%	15,639
Waupaca County.....	16,215,000	9.21%	1,493,402
Fox Valley Technical College .....	63,110,000	0.97%	612,167
Total.....			<u>\$ 3,327,081</u>

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

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

**Debt Statement**

(As of the Closing of the Notes)

Existing General Obligation Debt.....	\$765,000
The Notes.....	\$2,300,000 *
Total General Obligation Debt.....	\$3,065,000 *
Overlapping Debt.....	\$3,327,081
General Obligation Debt and Overlapping Debt.....	\$6,392,081 *
2023 Equalized Valuation (TID IN).....	\$582,535,825
Statutory Debt Limit (10.0% of Equalized Valuation).....	\$58,253,583
Statutory Debt Margin.....	\$55,188,583 *

\*Preliminary, subject to change.

**Debt Ratios**

(As of the Closing of the Notes)

2023 Equalized Valuation (TID IN).....	\$582,535,825
2022 Estimated Population.....	4,543
General Obligation Debt to Equalized Valuation (TID IN).....	0.53% *
General Obligation Debt and Overlapping Debt to Equalized Valuation (TID IN).....	1.10% *
General Obligation Debt Per Capita.....	\$674.66 *
General Obligation Debt and Overlapping Debt Per Capita.....	\$1,407.02 *

\*Preliminary, subject to change.

**FINANCIAL INFORMATION**

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

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

**Budgeting Process**

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

As part of the budgeting process, budget requests are submitted during the last half of the fiscal year by the teachers and departmental administrators of each school to their respective principals, who thereafter review and revise such requests and submit them, with their recommendations, to the District Administrator of the District. After review and adjustment by the administrative staff of the District, the proposed budget is presented to the full Board, at which time the proposed budget is reviewed with the District’s administrative staff. After further review and adjustment, the proposed budget is again submitted to the full Board each year. The proposed budget is formally adopted by the Board after a public hearing preceded by at least 15 days prior notice which describes the time and place of the hearing, a summary of the proposed budget, and how to obtain the budget in detail for inspection.

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

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Receipts.....	\$ 9,024,438	\$ 9,422,676	\$ 9,770,574	\$ 10,291,725	\$ 10,560,587
Disbursements.....	<u>8,768,849</u>	<u>9,038,688</u>	<u>9,532,734</u>	<u>9,843,200</u>	<u>10,091,343</u>
Net Surplus (Deficit).....	255,589	383,988	237,840	448,525	469,244
Other Financing Sources/(Uses)..... <sup>(1)</sup>	(255,000)	328,573 <sup>(2)</sup>	(750,000)	(500,000)	(648,911)
Beginning Fund Balance.....	<u>2,683,826</u>	<u>2,684,415</u>	<u>3,396,976</u>	<u>2,884,816</u>	<u>2,833,341</u>
Ending Fund Balance.....	<u>\$ 2,684,415</u>	<u>\$ 3,396,976</u>	<u>\$ 2,884,816</u>	<u>\$ 2,833,341</u>	<u>\$ 2,653,674</u>

(1) Transfers to Long-Term Capital Improvement Fund.

(2) Includes sale of bus fleet with transition to contracted transportation.

Source: Compiled from the District’s Financial Statements and Independent Auditor’s Report for fiscal years ended June 30, 2019-2023.

**Financial Statements**

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

The Financial Statements and Independent Auditor’s Report contained in this Official Statement as Appendix B, including the independent auditor’s report accompanying such financial statements, have been audited by Accounting Workshop, SC, Stevens Point, Wisconsin (the “Auditor”) to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessment, procedures or evaluation with respect to such financial statements since the date thereof or relating to this Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Notes, the District will represent and warrant there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading. The District will be engaging KerberRose SC as independent auditors in connection with the audit for the fiscal year ending June 30, 2024.

## Budget Summary

<u>Fund</u>	Fund Balances		Projected	
	<u>June 30, 2023</u>	<u>Estimated Revenue</u>	<u>Estimated Expenditures</u>	<u>Fund Balances June 30, 2024</u>
General Fund.....	\$ 2,653,674	\$ 10,415,645	\$ 10,415,645	\$ 2,653,674
Special Projects Fund.....	1,581,265	1,349,852	1,371,202	1,559,915
Debt Service Fund.....	559,964	180,000	333,474	406,490
Capital Projects Fund.....	1,952,433	10,000	630,000	1,332,433
Food Service Fund.....	146,156	329,500	338,347	137,309
Community Service Fund.....	358,599	358,900	382,647	334,852
Total Governmental Funds .....	<u>\$ 7,252,091</u>	<u>\$ 12,643,897</u>	<u>\$ 13,471,315</u>	<u>\$ 6,424,673</u>

Source: The District

### TAX EXEMPTION

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

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

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

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

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

## **DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATIONS**

The Notes shall be designated as “qualified tax-exempt obligations” under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

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

### **Original Issue Discount**

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

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

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

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

The Code contains additional provisions relating to the accrual of original issue discount. Owners who purchase Discounted Bonds at a price other than the issue price or who purchase such Discounted Bonds in the secondary market should consult their own tax advisors with respect to the tax consequences of owning the Discounted Bonds. Under the applicable provisions governing the determination of state and local taxes, accrued interest on the Discounted Bonds may be deemed to be

received in the year of accrual even though there will not be a corresponding cash payment until a later year. Owners of Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds.

## **Bond Premium**

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

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

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

## **LITIGATION**

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

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

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

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

Date is exempt from the revenue limits if approved at a referendum, as is debt service on obligations issued to refund such debt.

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

### **MUNICIPAL BANKRUPTCY**

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

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

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

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

## **LIMITED CONTINUING DISCLOSURE**

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

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

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

## **CERTAIN LEGAL MATTERS**

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

Quarles & Brady has also been retained by the District to serve as Disclosure Counsel to the District with respect to the Notes. Although, as Disclosure Counsel to the District, Quarles & Brady has assisted the District with certain disclosure matters, Quarles & Brady has not undertaken to independently verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Notes and assumes no responsibility whatsoever nor shall have any liability to any other party for the statements or information contained or incorporated by reference in this Official Statement. Further, Quarles & Brady makes no representation as to the suitability of the Notes for any investor.



## **UNDERWRITING**

The Notes were offered for sale by the District at a public, competitive sale on June 10, 2024. The best bid submitted at the sale was submitted by \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (the “Underwriter”). The District awarded the contract for sale of the Notes to the Underwriter at a price of \$ \_\_\_\_\_. The Underwriter has represented to the District that the Notes have been subsequently reoffered to the public at the approximate initial offering yields as set forth on the inside cover hereto. The Underwriter may offer and sell the Notes to certain dealers and others at yields different than the offering yields stated on the inside cover hereto. The offering yields may be changed from time to time by the Underwriter. Based on the initial offering yields set forth on the inside cover, the aggregate underwriting fee equals \$ \_\_\_\_\_. The Underwriter will pay certain costs of issuance for the Notes from its underwriting fee.

## **MUNICIPAL ADVISOR**

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

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

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

## **THE OFFICIAL STATEMENT**

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

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

**Accuracy and Completeness of the Official Statement**

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

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

/s/ \_\_\_\_\_  
District Administrator  
School District of Iola-Scandinavia  
Portage and Waupaca Counties, Wisconsin

June \_\_, 2024

**Form of Legal Opinion of Bond Counsel**

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

July 1, 2024

Re: School District of Iola-Scandinavia, Wisconsin ("Issuer")  
\$2,300,000 General Obligation Promissory Notes, Series 2024,  
dated July 1, 2024 ("Notes")

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

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

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2025	\$ 40,000	___%
2026	80,000	___
2027	140,000	___
2028	250,000	___
2029	260,000	___
2030	280,000	___
2031	295,000	___
2032	305,000	___
2033	320,000	___
2034	330,000	___

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

The Notes maturing on April 1, 2033 and thereafter are subject to redemption prior to maturity, at the option of the Issuer, on April 1, 2032 or on any date thereafter. Said Notes are redeemable as a whole or in part, and if in part, from maturities selected by the Issuer, and within each maturity, by lot, in integral multiples of \$5,000, at the principal amount thereof, plus accrued interest to the date of redemption.

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

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

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

1. The Notes have been duly authorized and executed by the Issuer and are valid and binding general obligations of the Issuer.

2. All the taxable property in the territory of the Issuer is subject to the levy of ad valorem taxes to pay principal of, and interest on, the Notes, without limitation as to rate or amount. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Notes except to the extent that necessary funds have been irrevocably deposited into the debt service fund account established for the payment of the principal of and interest on the Notes.

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

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

The rights of the owners of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and may be subject to the exercise of judicial discretion in accordance with general principles of equity, whether considered at law or in equity.

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

QUARLES & BRADY LLP

**Financial Statements and Independent Auditor’s Report for the Fiscal Year Ended June 30, 2023**

The Financial Statements and Independent Auditor’s Report for the Fiscal Year Ended June 30, 2023 of the District contained in this Official Statement as Appendix B, including the independent auditor’s report accompanying such financial statements, have been audited by Accounting Workshop, SC, Stevens Point, Wisconsin (the “Auditor”), to the extent and for the periods indicated thereon. The District has not requested or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessment, procedures or evaluation with respect to such financial statements since the date thereof or relating to this Official Statement, nor has the District requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the District since the date of the financial statements, in connection with the issuance of the Notes, the District will represent and warrant there has been no material adverse change in the financial position or results of operations of the District, nor has the District incurred any material liabilities, which would make such financial statements misleading. For specific questions or inquiries relating to the financial information of the District since the date of the audited financial statements, please contact Chris Nelson, District Administrator of the District.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**IOLA, WISCONSIN**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**AS OF JUNE 30, 2023**

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

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SCHOOL DISTRICT OF IOLA-SCANDINAVIA

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Independent Auditor's Report

To the Board of Education  
School District of Iola-Scandinavia  
Iola, Wisconsin

**Report on the Audit of the Financial Statements**

***Opinions***

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

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

***Basis for Opinions***

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

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and the schedule of expenditures of state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards and the state single audit guidelines issued by the Wisconsin Department of Administration, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in 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 Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Accounting Workshop SC*

Accounting Workshop, SC  
November 18, 2023

## **BASIC FINANCIAL STATEMENTS**

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**STATEMENT OF NET POSITION**

June 30, 2023

<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash and investments	\$ 6,697,236
Taxes receivable	1,155,808
Accounts receivable	6,777
Installment sale receivable-current	60,185
Interest receivable	3,846
Due from other governments	190,978
Prepaid expenses	36,807
Total Current Assets	<u>8,151,637</u>
<b>NONCURRENT ASSETS</b>	
Capital assets	17,440,884
Less: accumulated depreciation	<u>9,366,155</u>
Net Capital Assets	<u>8,074,729</u>
Total Assets	<u>16,226,366</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges-retiree life insurance plan	114,660
Deferred charges-pension	<u>4,882,969</u>
Total Deferred Outflows of Resources	<u>4,997,629</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts payable and accrued expenses	906,019
Current portion of long-term obligations	<u>305,000</u>
Total Current Liabilities	<u>1,211,019</u>
<b>NONCURRENT LIABILITIES</b>	
Net pension liability	1,350,165
Net retiree life insurance liability	251,932
Noncurrent portion of long-term obligations	<u>765,000</u>
Total Noncurrent Liabilities	<u>2,367,097</u>
Total Liabilities	<u>3,578,116</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred credits-retiree life insurance plan	180,210
Deferred credits-pension	<u>2,829,199</u>
Total Deferred Inflows of Resources	<u>3,009,409</u>
<b>NET POSITION</b>	
Net investment in capital assets	7,004,729
Restricted	3,917,164
Unrestricted	<u>3,714,577</u>
Total Net Position	<u><u>14,636,470</u></u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue & Changes In Net Position
		Charges for Services	Operating Grants & Contributions	
<b>Instruction</b>				
Regular	\$ 3,925,116	\$ 366,540	\$ 471,843	\$ (3,086,733)
Vocational	297,145	644	23,808	(272,693)
Special education	695,608	-	506,950	(188,658)
Other	516,257	23,194	-	(493,063)
<b>Total Instruction</b>	<b>5,434,126</b>	<b>390,378</b>	<b>1,002,601</b>	<b>(4,041,147)</b>
<b>Support Services</b>				
Pupil services	382,849	-	24,925	(357,924)
Instructional support services	476,699	-	94,131	(382,568)
Administration	1,109,317	-	-	(1,109,317)
Buildings and grounds	1,042,963	3,605	16,900	(1,022,458)
Pupil transportation	509,246	-	58,263	(450,983)
Other support services	1,655,300	-	-	(1,655,300)
Interest and fees	31,703	-	-	(31,703)
Food service	373,255	123,118	222,257	(27,880)
Community service	358,717	217,631	-	(141,086)
Depreciation-unallocated*	478,443	-	-	(478,443)
<b>Total Support Services</b>	<b>6,418,492</b>	<b>344,354</b>	<b>416,476</b>	<b>(5,657,662)</b>
<b>Total Activities</b>	<b>\$11,852,618</b>	<b>\$ 734,732</b>	<b>\$ 1,419,077</b>	<b>(9,698,809)</b>
<b>General Revenues</b>				
<b>Taxes</b>				
Property taxes:				
General purposes				3,901,147
Debt service				230,000
Community service				175,000
Other				50,209
State and federal aids not restricted to specific functions:				
General				4,899,887
Investment Income				125,643
Miscellaneous				381,327
Book value of capital asset adjustments				(433)
<b>Total General Revenues</b>				<b>9,762,780</b>
<b>Change in Net Position</b>				<b>63,971</b>
<b>NET POSITION-BEGINNING OF YEAR</b>				<b>14,572,499</b>
<b>NET POSITION-END OF YEAR</b>				<b>\$ 14,636,470</b>

\*This amount excludes the depreciation expense that is included in the direct expenses of the various functions. See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2023**

	General Fund	Special Revenue Trust Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 2,454,928	\$ 1,529,205	\$ 2,713,103	\$ 6,697,236
Taxes receivable	1,155,808	-	-	1,155,808
Accounts receivable	66,099	-	863	66,962
Interest receivable	-	3,846	-	3,846
Due from other funds	-	48,214	350,000	398,214
Due from other governments	189,578	-	1,400	190,978
Prepaid expenses	36,807	-	-	36,807
<b>TOTAL ASSETS</b>	<u>\$ 3,903,220</u>	<u>\$ 1,581,265</u>	<u>\$ 3,065,366</u>	<u>\$ 8,549,851</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 13,199	\$ -	\$ -	\$ 13,199
Accrued salaries and withholdings	886,347	-	-	886,347
Due to other funds	350,000	-	48,214	398,214
<b>Total Liabilities</b>	<u>1,249,546</u>	<u>-</u>	<u>48,214</u>	<u>1,297,760</u>
<b>Deferred Inflows of Resources</b>				
Advance revenue	-	-	-	-
<b>Fund Balances</b>				
Nonspendable	36,807	-	-	36,807
Restricted	55,359	458,530	3,017,152	3,531,041
Committed	-	1,106,270	-	1,106,270
Assigned	2,561,508	16,465	-	2,577,973
<b>Total Fund Balances</b>	<u>2,653,674</u>	<u>1,581,265</u>	<u>3,017,152</u>	<u>7,252,091</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,903,220</u>	<u>\$ 1,581,265</u>	<u>\$ 3,065,366</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	8,074,729
Pension liability is not a current liability and, therefore, is not reported in the fund financial statements.	(1,350,165)
Some deferred outflows and inflows of financial resources are not reported in the fund financial statements:	
Deferred outflows of resources-pension and life insurance amounts	4,997,629
Deferred inflows of resources-pension and life insurance amounts	(3,009,409)
Local retiree life insurance OPEB liability is not a current liability, and therefore, is not reported in the fund financial statements.	(251,932)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the fund statements. Long-term liabilities reported in the statement of net position that are not reported in the funds balance sheet are:	
General obligation debt	(1,070,000)
Accrued interest on long-term debt	(6,473)
<b>NET POSITION</b>	<u>\$ 14,636,470</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2023**

	General Fund	Special Revenue Trust Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Local	\$ 4,045,194	\$ 333,286	\$ 800,892	\$ 5,179,372
Interdistrict	379,947	-	-	379,947
Intermediate	58,878	-	-	58,878
State	5,259,654	-	5,079	5,264,733
Federal	807,359	-	217,178	1,024,537
Other	9,555	-	-	9,555
Total Revenues	<u>10,560,587</u>	<u>333,286</u>	<u>1,023,149</u>	<u>11,917,022</u>
<b>EXPENDITURES</b>				
Instruction				
Regular	3,732,535	-	-	3,732,535
Special education	668,059	-	-	668,059
Vocational	283,231	-	-	283,231
Other	493,244	-	-	493,244
Total instruction	<u>5,177,069</u>	<u>-</u>	<u>-</u>	<u>5,177,069</u>
Support Services				
Pupil services	366,680	-	-	366,680
Instructional support services	459,582	-	-	459,582
Administration	1,047,349	-	-	1,047,349
Buildings and grounds	952,470	-	74,177	1,026,647
Pupil transportation	503,121	-	-	503,121
Other support services	1,356,480	290,657	-	1,647,137
Debt service			-	
Principal	-	-	300,000	300,000
Interest and fees	-	-	35,374	35,374
Capital outlay	228,592	-	61,106	289,698
Food service	-	-	363,026	363,026
Total support services	<u>4,914,274</u>	<u>290,657</u>	<u>833,683</u>	<u>6,038,614</u>
Community services	-	-	351,450	351,450
Total Expenditures	<u>10,091,343</u>	<u>290,657</u>	<u>1,185,133</u>	<u>11,567,133</u>
Excess deficiency of revenues over expenditures	469,244	42,629	(161,984)	349,889
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers (to) from other funds	(648,911)	-	648,911	-
Net Change in Fund Balances	(179,667)	42,629	486,927	349,889
FUND BALANCES-BEG OF YEAR	<u>2,833,341</u>	<u>1,538,636</u>	<u>2,530,225</u>	<u>6,902,202</u>
FUND BALANCES-END OF YEAR	<u>2,653,674</u>	<u>1,581,265</u>	<u>3,017,152</u>	<u>7,252,091</u>

See accompanying notes to the financial statements.



**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023**

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Net Change in Fund Balances - Total Governmental Funds		\$ 349,889
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, if the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay reported in governmental fund statements	289,698		
Depreciation expense reported in the statement of activities	(478,443)		
Net book value of assets disposed	<u>(433)</u>		(189,178)

Change in net pension and retiree life insurance liability (asset) activity is only reported in the statement of activities		(400,411)
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds.		300,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>3,671</u>
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CHANGE IN NET POSITION		<u><u>\$ 63,971</u></u>
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See accompanying notes to the financial statements.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
June 30, 2023

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	<u>Employee Benefit Trust</u>
ASSETS	
Cash and investments	\$ 61,248
Total Assets	<u>\$ 61,248</u>
LIABILITIES	
	<u>\$ -</u>
NET POSITION	
	<u>\$ 61,248</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2023**

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	<u>Employee Benefit Trust</u>
ADDITIONS	
Contributions	\$ 2,088
Investment earnings	-
Total additions	<u>2,088</u>
DEDUCTIONS	
Benefits	<u>5,015</u>
Change in Net Position	(2,927)
NET POSITION-BEGINNING OF YEAR	<u>64,175</u>
NET POSITION-END OF YEAR	<u><u>\$ 61,248</u></u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
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**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The accounting policies of the School District of Iola-Scandinavia ("the District") conform to generally accepted accounting principles as applicable to governmental units.

**A. REPORTING ENTITY**

The District is organized as a common school district. The District, governed by a seven-member elected school board, operates grades 4 year old kindergarten through grade12 and is comprised of all or parts of ten taxing districts. This report includes all of the funds of the District. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government or district-wide financial statements consist of the statement of net position and statement of activities. Both statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the District used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements.

In addition, all funds are reported as governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are further classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the emphasis is on major funds versus non-major funds.

**C. BASIS OF PRESENTATION**

***District-wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. The District does not report any business-type activities.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Generally, the effect of interfund activity has been eliminated from the district-wide financial statements.

Internally dedicated resources are reported as general revenues rather than as program revenues.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

---

**C. BASIS OF PRESENTATION (continued)**

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which are considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitutes its assets, liabilities, fund equity, revenues, and expenditures.

Funds are organized as major funds or non-major funds within the governmental and fiduciary statements. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.
- c. In addition, any other governmental fund that the District believes is particularly important to financial statement users may be reported as a major fund.

**GOVERNMENTAL ACTIVITIES**

Governmental funds are identified as either general, special revenue, debt service, capital projects, or permanent funds based upon the following guidelines.

*General Fund*

The General Fund is the general operating fund of the District and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund. The special education fund has been combined with the general fund as the general fund is the primary source of financing for this fund.

*Special Revenue Funds*

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

*Debt Service Funds*

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

*Capital Projects Funds*

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

*Permanent Funds*

Permanent Funds are used to account for resources legally held in trust. All resources of the fund, including any earnings on invested resources, may be used to support the organization.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

---

***C. BASIS OF PRESENTATION (continued)***

***FIDUCIARY FUNDS (Not included in district-wide statements)***

*Private-Purpose Trust Funds*

Private-Purpose Trust Funds are used to account for resources legally held in trust for specific purposes.

*Employee Benefit Trust Fund*

Employee benefit trust fund is used to account for resources and payments of the District's post-employment employee benefits held in a legally separate trust.

*Custodial Funds*

Custodial Funds are used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units.

***Major Funds***

The District reports the following major governmental funds:

General Fund  
Special Revenue Trust Fund

***Non-major Funds***

The District reports the following non-major funds:

Special Revenue Funds –  
Food Service Fund  
Community Service Fund  
Long-Term Capital Improvement Trust Fund  
Debt Service Fund

***FIDUCIARY FUNDS (Not included in district-wide statements) (continued)***

***Fiduciary Funds***

The District reports the following fiduciary funds:

Employee Benefit Trust Fund



SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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**D. BASIS OF ACCOUNTING**

The district-wide Statement of Net Position and Statement of Activities are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The modified accrual basis of accounting is followed by the governmental funds and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Property tax revenues are recognized as revenue in the fiscal year levied as the District considers the property taxes as due prior to June 30. The District considers the taxes as due on January 1, the date from which interest and penalties accrue for non-payment of a scheduled installment. Full receipt of the entire levy is assured within sixty days of the school's fiscal year end. Receipt of the balance of taxes levied within sixty days meets the requirements for availability in accordance with generally accepted accounting principles applicable to governmental entities.

In the previous year, Portage County extended its due date for property tax payments by its residents due to COVID-19 pandemic. As a result, final settlement of the tax levy did not occur for ninety days. GAAP allows the temporary use of a longer period due to unusual circumstances. If an extension were to occur again, the entire uncollected tax levy will be recognized as revenue consistent with prior years.

Property taxes are collected by local taxing districts until January 31. Real estate tax collections after that date are made by the county, which assumes all responsibility for delinquent real estate taxes.

The aggregate amount of property taxes to be levied for district purposes is determined according to provisions of Chapter 120 of the Wisconsin Statutes. Property taxes levied by the District are certified to local taxing districts for collection. Property taxes attach as an enforceable lien as of January 1. Taxes are levied in December on the assessed value as of the prior January 1.

Property tax calendar – 2022 tax roll:

Lien date and levy date	October, 2022
Tax bills mailed	December, 2022
Payment in full, or	January 31, 2023
First installment due	January 31, 2023
Second installment due	July 31, 2023
Personal property taxes in full	January 31, 2023
Tax sale 2022 delinquent real estate taxes	October, 2026

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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***D. BASIS OF ACCOUNTING (continued)***

State general and categorical aids and other entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred revenue. Amounts received prior to the entitlement period are also recorded as deferred revenue.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, expenditure-driven grant programs, public charges for services, and investment income.

Charges for services provided other educational agencies and private parties are recognized as revenue when services are provided. Charges for special educational services are not reduced by anticipated state special education aid entitlements.

For governmental fund financial statements, deferred resources arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred resources also arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred resources is removed from the combined balance sheet and revenue is recognized.

In addition to assets, the statement of net position will sometimes report a separate action for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item in this category that relates to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan 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, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District may have two items in this category. The first relates to the District's proportionate share of the Wisconsin Retirement System pension plan and is deferred and amortized over the expected remaining service lives of the pension plan participants. The other item sometimes reported here when applicable, is revenue received in advance of being earned which will be reported as revenue when earned.

***E. MEASUREMENT FOCUS***

On the district-wide Statement of Net Position and Statement of Activities governmental activities are presented using the economic resources measurement focus. Under this concept, revenues and expenses are matched using the accrual basis of accounting.

The measurement focus of all governmental funds is the flow of current financial resources concept. Under this concept, sources and uses of financial resources, including capital outlays, debt proceeds and debt retirements are reflected in operations. Resources not available to finance expenditures and commitments of the current period are recognized as deferred revenue or a reservation of fund equity. Liabilities for claims, judgments, compensated absences and pension contributions which will not be currently liquidated using expendable available financial resources are included as liabilities in the district-wide financial statements but are excluded from the governmental fund financial statements. The related expenditures are recognized in the governmental fund financial statements when the liabilities are liquidated.

***F. INVENTORIES***

Governmental fund inventories are recorded at cost based on the FIFO (first-in, first-out) method using the consumption method of accounting.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**G. LONG-TERM OBLIGATIONS**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the district-wide or fund financial statements.

All long-term debt to be repaid from governmental resources are reported as liabilities in the district-wide statements. The long-term debt consists primarily of notes, bonds or loans payable, capital leases and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest are reported as expenditures.

**H. CAPITAL ASSETS**

***District-Wide Statements***

In the district-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Prior to July 2003, governmental funds' capital assets were accounted for in the general fixed asset account group and were not recorded directly as a part of any individual fund's financial statements. Upon implementing GASB 34 governmental units are required to account for all fixed assets including infrastructure in the district-wide statements. Infrastructure assets may be accounted for prospectively from the date of implementation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- Site improvements	10-20 years
- Buildings	50 years
- Building improvements	20 years
- Furniture and equipment	5-15 years
- Computer and related technology	5 years

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

***Fund Financial Statements***

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

**I. INTERFUND RECEIVABLES AND PAYABLES**

During operations transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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***J. BUDGETS***

Operating budgets are adopted each fiscal year for all governmental 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 in the general fund and at the fund level for all other funds. Reported budget amounts are as originally adopted or as amended by Board of Education resolution.

The District follows these procedures in establishing the budgetary data:

- a) Based upon requests from District staff, district administration recommends budget proposals to the Board of Education.
- b) The Board prepares a proposed budget including proposed expenditures and the means of financing them for the July 1 through June 30 fiscal year.
- c) Pursuant to a public budget hearing, the Board may make alterations to the proposed budget.
- d) Once the Board (following the public hearing) adopts the budget, no changes may be made in the amount of tax to be levied or in the amount of the various appropriations and the purposes of such appropriations, unless authorized by a 2/3 vote of the entire board
- e) Appropriations lapse at year-end unless authorized as a carryover by the Board. The portion of fund balance representing carryover appropriations is reported as committed or assigned fund balance.

***K. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS***

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

***L. COMPENSATED ABSENCES AND OTHER EMPLOYEE BENEFIT AMOUNTS***

The District's policy regarding sick leave allows a certified teacher ten (10) days per year accumulating to a total of sixty-five (65). Certified staff with 15 years of continuous District service, who voluntarily resign or retire can receive a payout of up to 50 unused sick days at a predetermined rate as a nonelective contribution to a TSA account.

The District's policy regarding sick leave allows a noncertified employee ten (10) days per year accumulating to a total of sixty-five (65). A sick day is equivalent to the actual hours worked for non-fulltime employees. There is no payout for unused sick days for noncertified staff.

Vacation days are not carried over from year to year.

Compensated absences earned are recorded as an expenditure in the year used. The estimated liability for employee's rights to receive compensation for possible future absences consists of \$43,076 for personal days and unused sick leave if termination requirements are met in the future.

***M. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS***

Teachers who retired prior to July 1, 2012, were at least 55 years of age and had completed 15 years of full time employment with the District are eligible for early retirement. The District will contribute a monthly amount toward the retiree's health/dental insurance starting in September, following the retirement date, through the month in which the retiree reaches age 65 based on two formulas as selected by the retiree. See Note 15.

Non-administrative certified professional staff retiring between June 30, 2014 through June 30, 2016, who are at least 55 years of age and have at least 15 years of consecutive service with the district are eligible for an HRA contribution. The amount is determined by multiplying \$200 per year of service up to a maximum of 30 years. The resulting amount is contributed annually for a set number of years based on retirement date.

***N. OTHER ASSETS***

In governmental funds, debt issuance costs are recognized in the current period. For the district-wide financial statements, governmental activity debt issuance costs are amortized over the life of the debt issue.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**O. CLAIMS AND JUDGMENTS**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the district-wide financial statements as expense when the related liabilities are incurred. There were no significant claims or judgments at year-end.

**P. INTERFUND TRANSACTIONS**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Q. EQUITY CLASSIFICATIONS**

***District-Wide Statements***

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by: 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

***Fund Statements***

Governmental fund equity is classified as fund balance.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- § Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaid items as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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**Q. EQUITY CLASSIFICATIONS (continued)**

*Fund Statements (continued)*

- § Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Debt service resources are only available to service debt, a portion of the special revenue trust fund balance is restricted for specific projects and food service, community service and capital improvement trust resources are required by board policy and/or law to be used within those programs.
  
- § Committed: This classification includes amounts that can be used only for specified purposes pursuant to constraints imposed by formal action of the School Board. These amounts cannot be used for any other purpose unless the School Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The school board has committed a portion of the fund balance in the special revenue trust fund for fitness/aquatic center purposes.
  
- § Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the School Board delegating this responsibility to its representative. This classification includes the fund balance for the General Fund. The District has assigned funds for maintaining an adequate fund balance to minimize borrowing for short-term purposes. The school board goal is to maintain a fund balance of 25% to 30% of the ensuing year's budgeted general fund and special education fund expenditures.
  
- § Unassigned: This classification includes any residual fund balance of the General Fund.

The District would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**R. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**S. PENSION**

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

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 2 – DEPOSITS AND INVESTMENTS**

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Total deposits and investments of the District consist of the following:

Deposits	\$ 3,295,955
Investments	<u>3,462,529</u>
Total Deposits and Investments	<u>\$ 6,758,484</u>
Per statement of net position - deposits and investments	\$ 6,697,236
Per statement of net position - fiduciary funds	<u>61,248</u>
Total	<u>\$ 6,758,484</u>

***Deposits***

At year end, the carrying amount of the District's deposits was \$3,295,955 and the bank balance was \$3,423,551. The difference between the carrying amount and the bank balance represents outstanding checks and deposits in transit.

The entire bank balance was covered by federal depository insurance and collateral.

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for interest bearing accounts and \$250,000 for noninterest bearing accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the relatively small size of the Guarantee Fund in relationship to the total deposits covered and other legal implications, recovery of material principal losses may not be significant to individual municipalities. This coverage has not been considered in computing the amounts covered by insurance above.

Fluctuating cash flows during the year due to tax collections, receipts of state aids and/or proceeds from borrowing may have resulted in temporary balances exceeding insured amounts by substantially higher amounts.

The business manager and school board monthly review bank deposits versus FDIC coverage and annually review depository ratings.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the deposits may not be returned. The policy requires deposits to be made only in banks with FDIC coverage. The board approves depositories annually and as changes occur based on a recommendation from management.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

**INVESTMENTS**

Investment of District funds is restricted by state statutes. Available investments are limited to:

- Time deposits in any credit union, bank, savings bank, trust company or savings and loan association maturing in three years or less.
- Bonds or securities of any county, city, drainage district, technical college district, district, town, or school district of the state.
- Bonds or securities issued or guaranteed by the federal government.
- The local government investment pool.
- Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- Repurchase agreements with public depositories, with certain conditions.
- Bonds issued by a local exposition district.
- Bonds issued by a local professional baseball park district.
- Bonds issued by the University of Wisconsin Hospital and Clinics Authority.
- Bonds issued by a local football stadium district.
- Bonds issued by a local arts district.
- Bonds issued by the Wisconsin Aerospace Authority.

**INTEREST RATE RISKS**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

	Fair Value	< 1	1-5	6-10	> 10
Local Government Investment Pool	\$ 733,843	\$ 733,843	\$ -	\$ -	\$ -
WI Investment Series Coop Pool	2,678,686	2,678,686	-	-	-
U.S. Government Securities	50,000	-	-	-	50,000
Totals	<u>\$ 3,462,529</u>	<u>\$ 3,412,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>



SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 2 – DEPOSITS AND INVESTMENTS (continued)**

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CREDIT RISK

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments in commercial paper, corporate bonds and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District's investment policy does not further limit its investment choices. At year end, the District's investments consisted of the following:

	<u>Carrying Amount</u>	<u>Rating</u>
WI Local Government Investment Pool	\$ 733,843	Not Rated
WI Investment Series Coop Pool	2,678,686	Not Rated
U.S. Government Securities	<u>50,000</u>	Not Rated
Totals	<u>\$ 3,462,529</u>	

***Fair (Market) Value of Deposits and Investments***

Deposits and investments are reported at fair value. At year end, the fair value of the District's deposits and investments approximated original cost; therefore, no fair value adjustments were necessary.

***Determining Fair Value***

Fair value of the District's deposits and investments are determined as follows:

- 1) Deposits and investments with stated interest rates (savings account and certificates of deposits) are stated at cost, and
- 2) State of Wisconsin Local Government Investment Pool fair value is determined by the Pool's investment board based on published market quotations.
- 3) Government securities fair value is based upon quoted market prices.

***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 year end, the Pool's fair value was 100 percent of book value.

***Income Allocation***

Interest income is generally allocated to the fund that owns the certificate of deposit, money market account, savings account, and investment. Interest income from special education, food services and community service funds is reported in the general fund.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year was as follows:

	Beginning Balance	Additions	Adjustments & Deletions	Ending Balance
Capital assets not being depreciated				
Sites	\$ 199,081	\$ -	\$ -	\$ 199,081
Capital assets being depreciated				
Site improvements	876,497	-	-	876,497
Buildings and improvements	14,901,153	198,486	-	15,099,639
Furniture and equipment	1,518,809	91,212	(344,354)	1,265,667
Total Capital Assets Being Depreciated	17,296,459	289,698	(344,354)	17,241,803
Less: Accumulated depreciation for				
Site improvements	(301,451)	(42,863)	-	(344,314)
Buildings and improvements	(7,881,780)	(333,904)	-	(8,215,684)
Furniture and equipment	(1,048,402)	(101,676)	343,921	(806,157)
Total Accumulated Depreciation	(9,231,633)	(478,443)	343,921	(9,366,155)
Net Capital Assets	\$ 8,263,907	\$(188,745)	\$ (433)	\$ 8,074,729

Depreciation expense of \$478,443 was not charged to any functions.

The fund and function detail of capital asset additions is as follows:

	General Fund	Cap Improv Fd
Vocational curriculum	\$ 40,346	\$ -
Other curriculum	14,279	-
Administration	5,120	-
Buildings and grounds	145,879	61,106
Pupil transportation	22,968	-
	\$ 228,592	\$ 61,106

**NOTE 4 – LONG-TERM OBLIGATIONS**

Long-term liability activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Bonds, Notes and Loans Payable					
General obligation debt	\$ 1,370,000	\$ -	\$ 300,000	\$ 1,070,000	\$ 305,000
Total Long-Term Liabilities	\$ 1,370,000	\$ -	\$ 300,000	\$ 1,070,000	\$ 305,000

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 4 – LONG-TERM OBLIGATIONS (continued)**

**General Obligation Debt**

All general obligation bonds, notes and loans payable are backed by the full faith and credit of the District. Bonds, notes and loans in the governmental funds will be retired by future property tax levies.

Type	Date of Issue	Final Maturity	Interest Rate	Original Indebtedness	End of Year Balance
General Obligation Debt:					
Notes payable	4/3/2017	4/1/2027	2% - 3%	\$ 2,000,000	<u>\$ 1,070,000</u>
Total Governmental Activities Long-Term Obligations					<u><u>\$ 1,070,000</u></u>

Interest expense of \$31,703 was incurred and \$35,374 was paid for the year. Interest expense was not allocated to any other functions.

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

Year	Principal	Interest	Total
2024	305,000	26,320	331,320
2025	315,000	20,040	335,040
2026	320,000	18,598	338,598
2027	130,000	3,718	133,718
Totals	<u>\$ 1,070,000</u>	<u>\$ 68,676</u>	<u>\$ 1,138,676</u>

Estimated payments of accumulated employee benefits and other commitments are not included in the schedule on the previous page.

In accordance with Wisconsin Statutes, total general obligation indebtedness of the District may not exceed ten percent of the equalized value of taxable property within the District's jurisdiction. The debt limit at year-end was \$49,796,292. Total general obligation debt outstanding at year-end was \$1,070,000.

**NOTE 5 - LEASE DISCLOSURES**

**LESSEE - CAPITAL LEASES**

The District has no material outstanding sales-type or direct financing leases as lessor.

**LESSEE - OPERATING LEASES**

The District has no material operating leases with a remaining non-cancellable term exceeding one year.

**LESSOR - CAPITAL LEASES**

The District has no material outstanding sales-type or direct financing leases as lessor.

**LESSOR - OPERATING LEASES**

The District has no material operating leases as lessor.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS  
June 30, 2023

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**NOTE 6 – EMPLOYEES’ RETIREMENT SYSTEM**

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All eligible (District) employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All employees, initially employed by a participating WRS employer prior to July 1, 2011, expected to work at least 600 hours a year (440 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 the WRS. All employees, initially employed by a participating WRS employer on or after July 1, 2011, and expected to work at least 1200 hours a year (880 hours of 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.

Note: employees hired to work nine or ten months per year, (e.g. teachers contracts), but expected to return year after year are considered to have met the one-year requirement.

Prior to June 29, 2011, covered employees in the General/Teacher/Educational Support Personnel category were required by statute to contribute 6.5% of their salary (3.9% for Executives and Elected Officials, 5.8% for Protective Occupations with Social Security, and 4.8% for Protective Occupations without Social Security) to the plan. Employers could make these contributions to the plan on behalf of employees. Employers were required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

Effective the first day of the first pay period on or after June 29, 2011 the employee required contribution was changed to one-half of the actuarially determined contribution rate for General category employees, including Teachers, and Executives and Elected Officials. Required contributions for protective contributions 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. Contribution rates for 2023 are:

	<u>Employee</u>	<u>Employer</u>
General (including Teachers)	6.80%	6.80%
Executives & Elected Officials	6.80%	6.80%
Protective with Social Security	6.80%	13.20%
Protective without Social Security	6.80%	18.10%

The payroll for District employees covered by the WRS for the year ended June 30, 2023 was \$4,705,819, the employer’s total payroll was \$5,169,292. The total required contribution for the year ended June 30, 2023 was \$625,866 which consisted of \$312,933 from the employer and \$312,933 from employees. Total contributions for the years ending June 30, 2022 and 2021 were \$590,643 and \$587,235, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earning is the average of the employee’s three highest years’ earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on 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 become WRS eligible on or after July 1, 2011 must have five years of creditable service to be vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits are determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report that may be obtained by writing to the Department of Employee Trust Funds, PO Box 7931, Madison, WI 53707-7931.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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NOTE 6 – EMPLOYEES’ RETIREMENT SYSTEM (continued)

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**Summary of Significant Accounting Policies**

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

**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, and expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee’s date of hire are eligible to participate in the WRS.

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

**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 credible service to be vested.

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

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

Vested participants may retire at or after age 55 (50 for protective occupation employees) 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.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 6 – EMPLOYEES’ RETIREMENT SYSTEM (continued)**

***General Information About the Pension Plan (continued)***

The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2013	(9.6)	9
2014	4.7	25
2015	2.9	2
2016	.5	(5)
2017	2.0	4
2018	2.4	17
2019	0.0	(10)
2020	1.7	21
2021	5.1	13
2022	7.4	15

**Contributions.** Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for general category employees, including teachers, and Executives and Elected Officials. Starting January 1, 2016, the Executives and Elected Officials category was merged in to 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 \$312,933 in contributions from the District.

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

Actuarial Valuation Date:	December 31, 2021
Measurement Date of net Pension Liability (Asset):	December 31, 2022
Experience Study (published 11-19-2021):	1/1/2018-12/31/2020
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Fair Value
Long-Term Expected Rate of Return:	6.8%
Discount Rate:	6.8%
Salary Increases:	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality:	WRS 2020 Mortality Table
Post-retirement Adjustments*	1.7%

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

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE 6 – EMPLOYEES’ RETIREMENT SYSTEM (continued)**

***General Information About the Pension Plan (continued)***

***Actuarial Assumptions (continued)***

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

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

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

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

Core Fund Asset Class	Asset Allocation %	Long-Term Expected Nominal Rate of Return %	Long-Term Expected Real Rate of Return %
Public Equity	48%	7.6%	5.0%
Public Fixed Income	25	5.3	2.7
Inflation Sensitive	19	3.6	1.1
Real Estate	8	5.2	2.6
Private Equity/Debt	15	9.6	6.9
Total Core Fund	115	7.4	4.8
<u>Variable Fund Asset Class</u>			
U.S. Equities	70%	7.2%	4.6%
International Equities	30	8.1	5.5
Total Variable Fund	100%	7.7	5.1

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

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

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

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE 6 – EMPLOYEES’ RETIREMENT SYSTEM (continued)**

**General Information About the Pension Plan (continued)**

**Schedule of Employer Allocations.** The Employer Allocation Percentage is based on the employer’s average required contribution for the three most recent calendar years compared to the average required contributions for all employers for the same period. If an employer did not participate in the WRS for all three years, their average employer contributions are based on the years in which they participated. In case of employer mergers, prior year contributions are restated based on the status in the final year. The Employer Allocation Percentage is rounded to eight decimal places.

**Schedule of Pension Amounts.** The employer’s proportionate share of the collective Net Pension Liability (Asset), Deferred Outflows of Resources, Deferred Inflows of Resources, and Total Employer Pension Expense (Income) is based on the Employer Allocation Percentage.

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

At June 30, 2023, the District reported a liability (asset) of \$1,350,165 its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date.

The District’s proportion of the net pension liability (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, 2022, the District’s proportion was 0.02548586%, which was a decrease of 0.00038673% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$312,933.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,150,395	\$ 2,825,136
Changes in assumptions	265,498	-
Net differences between projected and actual earnings on pension plan investments	5,746,659	3,453,040
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,559	4,063
Employer contributions subsequent to the measurement date	159,898	-
Total	\$ 8,336,009	\$ 6,282,239



SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE 6 – EMPLOYEES’ RETIREMENT SYSTEM (continued)**

**General Information About the Pension Plan (continued)**

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

\$159,898 reported as deferred outflows 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 2,609,001	\$ 2,529,408
2024	2,288,609	1,895,891
2025	1,840,253	1,436,380
2026	1,438,248	420,560
Thereafter	-	-

**Single Discount Rate.** A single discount rate of 6.80% was used to measure the total pension liability for the current and prior year. This discount rate was based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 4.05%. (Source: Fidelity’s “20-year Municipal GO AA Index” as of December 31, 2022. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities. Because of the unique structure of WRS, the 6.80% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate.** The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80 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 (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
District’s proportionate share of the net pension liability (asset)	\$ 4,481,154	\$ 1,350,165	\$ (803,686)

**Additional Financial Information for the WRS-** For additional information regarding the WRS financial statements and audit report, please visit the Department of Employee Trust Fund’s web site at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At year end, the District reported a payable to the pension plan of \$137,922, which represents contractually required contributions outstanding as of the end of the year.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 7 – GOVERNMENTAL ACTIVITIES NET POSITION**

Governmental activities net position reported on the Government Wide Statement of Net position at year-end include the following:

**Governmental Activities**

Net investment in capital assets	\$ 8,074,729
Less: related long-term debt outstanding, net of unspent proceeds	1,070,000
Total Net Investment in Capital Assets	7,004,729
<b>Restricted</b>	
General fund	55,359
Special revenue trust fund	458,530
Debt service fund	559,964
Food service program	146,156
Capital improvement trust fund	1,952,433
Community service fund	358,599
Pension	386,123
Total Restricted	3,917,164
<b>Unrestricted</b>	
Total Governmental Activities Net Position	\$ 14,636,470

**NOTE 8 – GOVERNMENTAL FUND BALANCES**

Governmental fund balances reported on the fund financial statements at year-end include the following:

<b>Nonspendable</b>	
<b>Major Fund</b>	
General fund-prepaid expenses	\$ 36,807
<b>Committed</b>	
Special Revenue Trust fund	1,106,270
<b>Restricted</b>	
<b>Major Fund</b>	
General fund-library and other purposes	55,359
Special Revenue Trust fund	458,530
<b>Nonmajor Fund</b>	
Debt Service fund	559,964
Long-term Capital Improvement Trust fund	1,952,433
Food Service fund	146,156
Community Service fund	358,599
Total Restricted Fund Balances	3,531,041
<b>Assigned</b>	
<b>Major Fund</b>	
General fund-for working capital and special project purposes	2,577,973
Total Governmental Fund Balances	\$ 7,252,091

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 9 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION**

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds.

Capital assets, net of accumulated depreciation	<u>\$ 8,074,729</u>
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Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term are reported in the statement of net position.

Bonds, notes and leases payable	\$ 1,070,000
Accrued interest	<u>6,473</u>
Combined Adjustment	<u>\$ 1,076,473</u>

**NOTE 10 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES**

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment is a combination of the following items:

Accrued interest	
Beginning	\$ (10,144)
Ending	<u>6,473</u>
Decrease	<u>\$ (3,671)</u>

**NOTE 11 - EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS**

The following funds had an excess of actual expenditures over budget for the year:

Fund	Excess Expenditures
General Fund:	
Instruction-regular & other	\$ 12,561
General tuition payments	268,055
Interfund transfers	162,946
Special Education Fund-instruction	17,033

**NOTE 12 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded insurance coverage in any of the last three years. There were no significant reductions in coverage compared to the prior year.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

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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 legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

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

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**NOTE 14 – LIMITATION OF SCHOOL DISTRICT REVENUES**

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Wisconsin statutes limit the amount of revenues that school districts may derive from general school aids and property taxes. The annual revenue increase from these sources is limited to an allowable per member increase which is determined by the legislature.

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

**A resolution of the school board or by a referendum prior to August 12, 1993.**

**A referendum on or after August 12, 1993.**

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**NOTE 15 - POST-EMPLOYMENT BENEFITS**

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**General Information About the Plan.** The District provides post-employment benefit options for health care to eligible retirees. The benefits are provided in accordance with District administrative contracts and District policy. The criteria to determine eligibility include: years of service, employee age and category of employment. Eligible retiring employees must be full time, age 55 and have fifteen years of consecutive employment with the District, based on the employee's position. The benefit is 100% paid by the District. If a participant dies while receiving benefits, the remaining benefits are payable to the participant's spouse.

For teachers retiring after June 30, 2006, the monthly benefit payable towards medical and dental insurance coverage was equal to years of service at age 55 times \$150 divided by 12. For teacher retirements prior to June 30, 2006, the monthly benefit payable towards medical and dental insurance coverage was equal to years of service at age 57 times \$250 divided by 12, plus \$10,000. The benefit is payable until the participant qualifies for Medicare benefits. This benefit was terminated as of July 1, 2012

Non-administrative certified professional staff retiring between June 30, 2014 through June 30, 2016, who are at least 55 years of age and have at least 15 years of consecutive service with the District are eligible for an HRA contribution. The amount is determined by multiplying \$200 per year of service up to a maximum of 30 years. The resulting amount is contributed annually for a set number of years based on retirement date. Non-administrative certified professional staff who retire after June 30, 2016, are not eligible for a benefit.

**Plan Membership.** As of June 30, 2020, actuarial valuation, membership consisted of the following:

Retirees receiving benefits	2
Active employees	74
<b>Total:</b>	<u>76</u>

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)**

***Schedule of Changes in the Net OPEB Liability and Related Ratios.***

	June 30, 2020	June 30, 2019
<b>Total OPEB Liability</b>		
Service Cost	\$ 2,606	\$ 2,433
Interest	1,228	2,010
Changes of benefit terms	-	-
Differences between expected and actual experience	7,178	-
Changes of assumptions or other input	1,291	391
Benefit payments	(12,899)	(33,992)
Net change in total OPEB liability	(596)	(29,158)
Total OPEB liability - beginning	40,230	69,388
 Total OPEB liability - ending (a)	 \$ 39,634	 \$ 40,230
 <b>Fiduciary Net Position</b>		
Contributions - Employer	\$ -	\$ -
Net investment income	3,537	3,494
Benefit payments	(12,899)	(33,992)
Administrative expense	-	-
Net change in fiduciary net position	(9,362)	(30,498)
Fiduciary net position - beginning	107,276	137,774
 Fiduciary net position - ending (b)	 \$ 97,914	 \$ 107,276
 <b>Net OPEB Liability (Asset)</b>		
Net OPEB liability(asset) - ending (a)-(b)	\$ (58,280)	\$ (67,046)
Fiduciary net position as a percentage of the total		
OPEB liability	247.05%	266.66%
Covered Payroll	\$ 3,952,899	\$ 3,764,631
Net OPEB liability as a percentage of covered payroll	-1.47%	-1.78%

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2023**

**NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)**

**Actuarial Assumptions.** The major assumptions used in this valuation are as follows:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2020
Reporting Date	June 30, 2021
Actuarial Cost Method	Alternative Measurement Method:
	Entry Age Normal (level percent of salary)
Medical Care Trend	6.50% decreasing by 0.10% per year down to 5.0%, and level thereafter
Discount Rate	2.25% (based upon all years of projected payments discounted at a 2.25% long-term expected rate of return)
Actuarial Assumptions	Based on an experience study conducted in 2018 using WI Retirement System (WRS) experience from 2015-17
Mortality Assumptions	WI 2018 Mortality table adjusted for future mortality improvements using the MP-2018 fully generated improvement scale (multiplied 60%)

**Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rate**

	1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Total OPEB Liability	\$ 36,345	\$ 39,634	\$ 43,459
Fiduciary Net Position 6/30/2020	97,914	97,914	97,914
Net OPEB Liability (Asset)	<u>\$ (61,569)</u>	<u>\$ (58,280)</u>	<u>\$ (54,455)</u>

The OPEB asset or excess fiduciary position, deferred outflows and deferred inflows are not being recorded on the District's statement of net position until all benefits are paid and to remain on the conservative side of financial reporting, however, the District does believe the benefits as they currently exist are fully funded.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)**

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

**Calculation of Collective OPEB Expense**

Change in Net OPEB Liability	\$ 8,766
(Increase)/Decrease in Deferred Outflows	(4,018)
Increase/(Decrease) in Deferred Inflows	(2,349)
Contributions - Employer	-
OPEB Expense	<u>\$ 2,399</u>
Operating Expenses	
Service Cost	\$ 2,606
Contributions - Employees	-
Administrative expenses	-
Total (a)	<u>\$ 2,606</u>
Financing Expenses	
Interest	\$ 1,228
Expected return on assets	(3,529)
Total (b)	<u>\$ (2,301)</u>
Changes	
Benefit changes	\$ -
Recognition of assumption changes	2,447
Recognition of experience gains and losses	(1,696)
Recognition of investment gains and losses	1,343
Total (c)	<u>\$ 2,094</u>
OPEB Expense (a+b+c)	\$ 2,399
OPEB Expense as % of Payroll	0.06%

***Schedule of Collective Deferred Inflows and Outflows***

Gain/Loss	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,525	\$ 18,793
Changes of assumptions or other input	19,848	-
Net difference between projected and actual earnings on OPEB plan investments	2,892	-
District contributions subsequent to the measurement date	-	-
<b>Total</b>	<u>\$ 29,265</u>	<u>\$ 18,793</u>

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)**

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***Deferred Inflow and Outflow of Resources (continued)***

Deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ 2,094
2020	2,095
2021	956
2022	751
2023	751
Thereafter	3,825

Actuarial valuations for an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the District's actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk, and changes in marital status, could result in actual costs being greater or less than estimated.

Projection of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

***Summary of Significant Accounting Policies – Local Retiree Life Insurance Fund (LRLIF)***

***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 member contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***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 members.

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

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can also be found using the link above.

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



**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)**

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

Contribution rates as of December 31, 2022 are:

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of member contribution
25% Post Retirement Coverage	20% of member contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active). The member contribution rates in effect for the year ended December 31, 2022 are as listed below.

<u>Attained</u> <u>Age</u>	<u>Basic</u>	<u>Supple</u> <u>mental</u>
Under 30	\$ 0.0500	\$ 0.0500
30-34	0.0600	0.0600
35-39	0.0700	0.0700
40-44	0.0800	0.0800
45-49	0.1200	0.1200
50-54	0.2200	0.2200
55-59	0.3900	0.3900
60-64	0.4900	0.4900
65-69	0.5700	0.5700

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

During the reporting period, the LRLIF recognized \$1,803 in contributions from the employer

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

At June 30, 2023, the District reported a Liability (asset) of \$251,932 for its proportionate share of the Net OPEB Liability (Asset). The Net OPEB Liability (Asset) was measured as of December 31, 2022, and the Total OPEB Liability used to calculate the Net OPEB Liability (Asset) was determined by an actuarial valuation as of January 1, 2022 rolled forward to December 31, 2022. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the Net 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, 2022, the District's proportion was .06612700% an increase of .001508% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2022, the District recognized OPEB expense (revenue) of \$27,061.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

**NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)**

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ 24,656
Net differences between projected and investment earnings on plan investments	4,728	-
Changes in actuarial assumptions	90,514	148,709
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,615	6,845
Employer contributions subsequent to the measurement date	1,803	-
Total	\$ 114,660	\$ 180,210

Reported as deferred outflows related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability (Asset) in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (revenue) as follows:

<u>Year ended June 30:</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 34,085	\$ 37,371
2024	31,468	37,170
2025	28,763	30,526
2026	14,737	26,896
2027	2,869	25,495
2028	935	22,752

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)**

**Actuarial assumptions.** The Total OPEB Liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date:	January 1, 2022
Measurement Date of Net OPEB Liability liability (Asset)	December 31, 2022
Experience Study:	January 1, 2018 - December 31, 2020, Published November 19, 2021
Actuarial Cost Method	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield:	3.72%
Long-Term Expected Rated of Return:	4.25%
Discount Rate:	3.76%
Salary Increases	
Wage Inflation:	3.00%
Seniority/Merit:	0.10%-5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality, and separation rates. The Total OPEB Liability for December 31, 2022 is based upon a roll-forward of the liability calculated from the January 1, 2022 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.

**State OPEB Life Insurance  
Asset Allocation Targets and Expected Returns  
As of December 31, 2022**

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
US Intermediate Credit Bonds	Bloomberg US Interm Credit	50.00%	2.45%
US Mortgages	Bloomberg US MBS	50.00%	2.83%
Inflation			2.30%
Long -Term Expected Rate of Return			4.25%

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

**NOTE 15 - POST-EMPLOYMENT BENEFITS (continued)**

The long-term expected rate of return remained unchanged from the prior year at 4.25%. 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. The expected inflation rate remained unchanged from the prior year at 2.30%.

**Single Discount rate.** A single discount rate of 3.76% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.17% for the prior year. The significant change in the discount rate was primarily caused by the increase in the municipal bond rate from 2.06% as of December 31, 2021 to 3.72% as of December 31, 2022. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

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

**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 3.76%, 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 (2.76%) or 1-percentage-point higher (4.76%) than the current rate:

	<b>1% Decrease to</b>	<b>Current Discount Rate</b>	<b>1% Increase to</b>
	<b>Discount Rate (2.76%)</b>	<b>(3.76%)</b>	<b>Discount Rate (4.76%)</b>
District's proportionate share of the Net OPEB Liability (asset)	\$ 343,483	\$ 251,932	\$ 181,769

**Payables to the OPEB plan.** The District had a year-end payable of \$264 to the plan.

**NOTE 16 - DUE FROM/DUE TO OTHER FUNDS - FUND FINANCIAL STATEMENTS**

Individual fund interfund receivable and payable balances at year end are as follows:

Fund	Due From	Due To
General Fund	\$ -	\$ 350,000
Special Revenue Trust Fund	48,214	-
Capital Improvement Trust Fund	350,000	-
Community Service Fund	-	48,214
Totals	\$ 398,214	\$ 398,214

The \$48,214 is a result of operating activity between the two funds over several years and is not expected to be repaid within a year. The \$350,000 was retired in July 2023. Transfers of \$1,179,439 were made from the general fund to the special revenue fund of \$530,528(to cover a deficit), capital improvement trust fund of \$350,000(for funding of future capital improvements) and community service fund of \$298,911( to adjust previous years activity to the correct fund) .

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2023

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**NOTE 17 - SUBSEQUENT EVENTS**

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Management has evaluated subsequent events through November 18, 2023, the date the financial statements were available to be issued.

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**NOTE 18 - GASB PRONOUNCEMENTS**

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GASB Statement No. 96 is effective for the District beginning with the June 30, 2023 fiscal year. It requires the recognition of a subscription asset and liability when a district obtains the control of the right to use an information technology asset, referred to as a Subscription-Based Information Technology Arrangement (SBITA). Under this statement, the user is required to recognize an asset and liability at the commencement of the subscription term. SBITA's covering one year or less are not subject to GASB Statement No. 96.

The District has no SBITA's exceeding a one year period, therefore, the adoption of GASB 96 had no effect on the District's financial statements.

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**NOTE 19 – INSTALLMENT SALE RECEIVABLE**

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As of July 1, 2019, the District contracted with Kobussen Buses, Ltd. to provide transportation services to its students. In addition, the District sold its fleet of buses to Kobussen Buses, Ltd. for \$364,600 payable in forty-five payments of \$8,102 over five years. Payments are due monthly from September through May of each year beginning September 2019. Future maturities of the remaining balance are as follows:

Year	Amount
2024	\$ 60,185

The July 2019 mid-term applicable federal rate of 2.08% was used as the interest factor in the sale.

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**NOTE 20 – SELF-FUNDED DENTAL INSURANCE PROGRAM**

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The District established a self-funded dental benefit plan for its employees. The Plan administrator, Delta Dental, is responsible for the approval, processing, and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a year ending August 31.

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 of the District.

The District has no stop-loss coverage for dental care coverage of the Plan.

At June 30, 2023 the District has reported a liability of \$6,464, which represents reported and unreported claims which were incurred on or before June 30, 2023, but were not paid by the District as of that date. This amount consists of claims reported to the Plan administrator but not the District of zero and claims which were not yet reported to either the Plan administrator or the District of \$6,464. The amounts not reported to the District were determined by the Plan administrator.

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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**NOTE 20 – SELF-FUNDED DENTAL INSURANCE PROGRAM (continued)**

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Changes in the claims liability for the year ended June 30, 2023 were as follows:

	Year Ended June 30, 2023
Estimated Claims Outstanding July 1	\$ 5,924
Current Year Claims and Changes in Estimates	80,064
Claim Payments	<u>(79,524)</u>
Estimated Claims Outstanding June 30	<u>\$ 6,464</u>

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF JUNE 30, 2023**

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Local	\$ 3,957,917	\$ 3,957,917	\$ 4,045,194	\$ 87,277
Interdistrict	378,000	378,000	358,922	(19,078)
Intermediate	5,200	5,200	16,350	11,150
State	5,099,333	5,099,333	5,095,575	(3,758)
Federal	648,654	648,654	575,816	(72,838)
Other	8,000	8,000	9,555	1,555
Total Revenues	<u>10,097,104</u>	<u>10,097,104</u>	<u>10,101,412</u>	<u>4,308</u>
<b>EXPENDITURES</b>				
Instruction				
Regular	3,721,635	3,721,635	3,732,535	(10,900)
Vocational	336,700	336,700	323,577	13,123
Other	505,862	505,862	507,523	(1,661)
Total instruction	<u>4,564,197</u>	<u>4,564,197</u>	<u>4,563,635</u>	<u>562</u>
Support Services				
Pupil services	302,685	302,685	276,064	26,621
Instructional support services	354,852	354,852	297,987	56,865
Administration	1,074,450	1,074,450	1,052,469	21,981
Buildings and grounds	1,165,717	1,165,717	1,098,349	67,368
Pupil transportation	503,513	503,513	457,751	45,762
Other support services	414,056	414,056	386,189	27,867
Debt service	-	-	-	-
Total support services	<u>3,815,273</u>	<u>3,815,273</u>	<u>3,568,809</u>	<u>246,464</u>
Non-program				
General tuition payments	1,000,052	1,000,052	1,268,107	(268,055)
Total non-program	<u>1,000,052</u>	<u>1,000,052</u>	<u>1,268,107</u>	<u>(268,055)</u>
Total Expenditures	<u>9,379,522</u>	<u>9,379,522</u>	<u>9,400,551</u>	<u>(21,029)</u>
Excess of revenues over expenditures	717,582	717,582	700,861	(16,721)
<b>OTHER FINANCING USES</b>				
Proceeds of sale of capital assets	-	-	-	-
Transfer from (to) other funds	(717,582)	(717,582)	(880,528)	(162,946)
Net Change in Fund Balance	-	-	(179,667)	(179,667)
FUND BALANCES-BEGINNING OF YEAR	<u>2,833,341</u>	<u>2,833,341</u>	<u>2,833,341</u>	<u>-</u>
FUND BALANCES-END OF YEAR	<u>\$ 2,833,341</u>	<u>\$ 2,833,341</u>	<u>\$ 2,653,674</u>	<u>\$ (179,667)</u>

See notes to the required supplementary information.



**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Interdistrict	\$ 25,000	\$ 25,000	\$ 21,025	\$ (3,975)
Intermediate	25,000	25,000	42,528	17,528
State	192,098	192,098	164,079	(28,019)
Federal	195,935	195,935	231,543	35,608
Other	-	-	-	-
Total Revenues	<u>438,033</u>	<u>438,033</u>	<u>459,175</u>	<u>21,142</u>
<b>EXPENDITURES</b>				
Instruction				
Special education	651,026	651,026	668,059	(17,033)
Total instruction	<u>651,026</u>	<u>651,026</u>	<u>668,059</u>	<u>(17,033)</u>
Support Services				
Pupil services	134,711	134,711	90,616	44,095
Instructional support services	165,930	165,930	161,595	4,335
Pupil transportation	76,748	76,748	68,338	8,410
Other support services	2,200	2,200	1,095	1,105
Total support services	<u>379,589</u>	<u>379,589</u>	<u>321,644</u>	<u>57,945</u>
Non-program				
Other non-program	-	-	-	-
Total Expenditures	<u>1,030,615</u>	<u>1,030,615</u>	<u>989,703</u>	<u>40,912</u>
Excess (deficiency) of revenues over expenditures	(592,582)	(592,582)	(530,528)	62,054
<b>OTHER FINANCING SOURCES</b>				
Transfer from general fund	592,582	592,582	530,528	(62,054)
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES-BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES-END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to the required supplementary information.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS  
For the Year Ended June 30, 2023**

	2020	2019	2018	2017	2016
<u>Total OPEB Liability</u>					
Service Cost	\$ 2,606	\$ 2,433	\$ -	\$ -	\$ -
Interest	1,228	2,010	3,469	6,233	8,874
Changes of benefit terms		-	-	-	-
Differences between expected and actual experience	7,178.00	-	(25,840)	-	-
Changes of assumptions or other input	1,291	391	25,237	-	-
Benefit Payments	(12,899)	(33,992)	(65,201)	(105,172)	(145,245)
Net change in Total OPEB Liability	(596)	(29,158)	(62,335)	(98,939)	(136,371)
Total OPEB Liability-Beginning	40,230	69,388	131,723	230,662	368,413
 Total OPEB Liability-Ending (a)	<u>\$ 39,634</u>	<u>\$ 40,230</u>	<u>\$ 69,388</u>	<u>\$ 131,723</u>	<u>\$ 232,042</u>
 <u>Fiduciary Net Position</u>					
Contributions-Employer	\$ -	\$ -	\$ -	\$ -	\$ -
Net Investment Income	3,537	3,494	263	2,061	2,254
Benefit Payments	(12,899)	(33,992)	(65,201)	(105,172)	145,245
Administrative Expense	-	-	-	-	-
Net change in Fiduciary Net Position	(9,362)	(30,498)	(64,938)	(103,111)	142,991
Fiduciary Net Position-Beginning	107,276	137,774	202,712	305,823	448,814
 Fiduciary Net Position-Ending (b)	<u>\$ 97,914</u>	<u>\$ 107,276</u>	<u>\$ 137,774</u>	<u>\$ 202,712</u>	<u>\$ 305,823</u>
 <u>Net OPEB Liability (Asset)</u>					
Net OPEB Liability (Asset) -Ending (a)-(b)	<u>\$ (58,280)</u>	<u>\$ (67,046)</u>	<u>\$ (68,386)</u>	<u>\$ (70,989)</u>	<u>\$ (73,781)</u>
 Fiduciary Net Position as a percentage of the Total OPEB Liability	247.05%	266.66%	198.56%	153.89%	131.80%
Covered Payroll	\$ 3,952,899	\$ 3,764,631	\$ 3,764,631	-	-
Net OPEB Liability as a percentage of Covered Payroll	1.47%	-1.78%	-1.82%	N/A	N/A

See notes to the required supplementary information.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (Asset)  
For the Year Ended June 30, 2023**

WRS Fiscal Year End Date (Measurement Date)	District's Proportion of the Net Pension Asset	District's Proportionate Share of the Net Pension (Asset) Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset
12/31/2022	0.02548586%	\$ 1,350,165	\$ 4,600,768	29.35%	95.72%
12/31/2021	0.02587259%	(2,085,378)	4,399,167	-47.40%	106.02%
12/31/2020	0.02638768%	(1,647,419)	4,271,922	-38.56%	105.26%
12/31/2019	0.02690186%	(867,438)	4,247,400	-20.42%	102.96%
12/31/2018	0.02682783%	954,450	4,158,557	22.95%	96.5%
12/31/2017	0.02673613%	(793,827)	4,018,334	-19.76%	102.9%
12/31/2016	0.02674203%	220,418	3,801,676	5.80%	99.1%
12/31/2015	0.02715131%	441,204	3,804,609	11.60%	98.2%
12/31/2014	0.02762419%	(678,526)	3,788,507	-17.91%	102.7%

\*The District is required to present the above information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
WISCONSIN RETIREMENT SYSTEM (WRS)  
For the Year Ended June 30, 2023**

WRS Fiscal Year End Date (Measurement Date)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2022	\$ 299,051	\$ 299,051	\$ -	\$ 4,600,768	6.50%
12/31/2021	296,942	296,942	-	4,399,167	6.75%
12/31/2019	278,948	278,948	-	4,247,400	6.6%
12/31/2018	278,622	278,622	-	4,158,557	6.7%
12/31/2017	273,308	273,308	-	4,018,334	6.8%
12/31/2016	251,283	251,283	-	3,801,976	6.6%
12/31/2015	258,774	258,774	-	3,804,609	6.8%
12/31/2014	265,435	265,435	-	3,788,507	7.0%

\*The District is required to present the above information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET) LIABILITY  
LOCAL RETIREE LIFE INSURANCE FUND  
For the Year Ended June 30, 2023**

WRS Fiscal Year End Date (Measurement Date)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB (Asset) Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
12/31/2022	0.06612700%	\$ 251,932	\$ 3,394,000	7.42%	38.81%
12/31/2021	0.06461900%	381,922	3,427,000	11.14%	29.57%
12/31/2020	0.06321400%	347,723	3,320,000	10.47%	31.36%

\*The District is required to present the above information for 10 years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See accompanying notes to the required supplementary information.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**SCHEDULE OF DISTRICT CONTRIBUTIONS  
LOCAL RETIREE LIFE INSURANCE FUND  
For the Year Ended June 30, 2023**

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WRS Fiscal Year End Date (Measurement Date)	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2022	\$ 1,326	\$ 1,326	-	\$ 3,394,000	0.039069%
12/31/2021	1,322	1,322	-	3,427,000	0.038576%
12/31/2020	1,260	1,260	-	3,320,000	0.037952%

\*The District is required to present the above information for 10 years. Additional years will be displayed as they become available. The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See accompanying notes to the required supplementary information.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2023

**NOTE A – BUDGETS AND BUDGETARY ACCOUNTING**

Operating budgets are adopted each fiscal year for all governmental funds in accordance with Section 65.90 of the Wisconsin Statutes using the budgetary accounting procedures prescribed by the Wisconsin Department of Public Instruction (DPI). The DPI requires the District to separate special education revenues and expenditures from other general fund amounts. Budgetary expenditure control is exercised at the fund or function level depending upon the fund. Reported budget amounts are as originally adopted or as amended by Board of Education resolution. The District follows the budget procedures at note 1J.

**NOTE B – BUDGETARY INFORMATION**

The District adopts a separate budget for the special education special revenue fund. A reconciliation of the Revenues, Expenditures, and Other Financing Sources (Uses) per the budget to actual individual fund statements to the combined general fund/special education fund statement follows:

	General Fund	Special Education Fund
Revenues		
Actual amounts (budgetary statements)	\$10,101,412	\$ 459,175
Reclassification of special education	459,175	(459,175)
Total Revenues	10,560,587	-
Expenditures		
Actual amounts (budgetary statements)	9,400,551	989,703
Reclassification of special education	989,703	(989,703)
Total Expenditures	10,390,254	-
Excess of Revenues Over (Under) Expenditures		
Actual amounts (budgetary statements)	700,861	(530,528)
Reclassification of special education	(530,528)	530,528
Excess of Revenues Over (Under) Expenditures	170,333	-
Other Financing Sources (Uses)		
Actual amounts (budgetary statements)	(880,528)	530,528
Reclassification of special education	530,528	(530,528)
Total Other Financing Sources (Uses)	(350,000)	-
Net Change in Fund Balance		
Actual amounts (combined statement)	(179,667)	-
Fund Balance - beginning		
Actual amounts (combined statement)	2,833,341	-
Fund Balance - ending		
Actual amounts (combined statement)	\$ 2,653,674	\$ -

SCHOOL DISTRICT OF IOLA-SCANDINAVIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2023

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NOTE C – WISCONSIN RETIREMENT SYSTEM

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***Changes in Benefit Terms and Assumptions related to Pension Liabilities (Assets)***

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

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

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

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

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

***Changes in Benefit Terms and Assumptions related to LRLIF OPEB Liabilities (Assets)***

***Changes of Benefit Terms.*** There were no recent changes in benefit terms.

***Assumptions:*** In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three-year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.0% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table.



**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**SUPPLEMENTARY INFORMATION**

**June 30, 2023**

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**COMBINING BALANCE SHEET  
GENERAL FUND  
June 30, 2023**

	General Fund	Special Education Fund	Total General Fund
<b>ASSETS</b>			
Cash and investments	\$ 2,434,020	\$ 20,908	\$ 2,454,928
Taxes receivable	1,155,808	-	1,155,808
Accounts receivable	66,099	-	66,099
Due from other funds	-	-	-
Due from other governments	147,331	42,247	189,578
Prepaid expenses	36,807	-	36,807
<b>TOTAL ASSETS</b>	<b>\$ 3,840,065</b>	<b>\$ 63,155</b>	<b>\$ 3,903,220</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 13,199	\$ -	13,199
Accrued expenses	823,192	63,155	886,347
Due to other funds	350,000	-	350,000
<b>Total Liabilities</b>	<b>1,186,391</b>	<b>63,155</b>	<b>1,249,546</b>
<b>Fund Balances</b>			
Nonspendable	-	-	-
Restricted	55,359	-	55,359
Assigned	2,598,315	-	2,598,315
<b>Total Fund Balances</b>	<b>2,653,674</b>	<b>-</b>	<b>2,653,674</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,840,065</b>	<b>\$ 63,155</b>	<b>\$ 3,903,220</b>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-  
GENERAL FUND  
For the Year Ended June 30, 2023**

	General Fund	Special Education Fund	Total General Fund
<b>REVENUES</b>			
Local sources	\$ 4,045,194	\$ -	\$ 4,045,194
Interdistrict sources	358,922	21,025	379,947
Intermediate sources	16,350	42,528	58,878
State sources	5,095,575	164,079	5,259,654
Federal sources	575,816	231,543	807,359
Other sources	9,555	-	9,555
Total Revenues	<u>10,101,412</u>	<u>459,175</u>	<u>10,560,587</u>
<b>EXPENDITURES</b>			
Instruction			
Regular	3,732,535	-	3,732,535
Special education	-	668,059	668,059
Vocational	323,577	-	323,577
Other instruction	507,523	-	507,523
Total instruction	<u>4,563,635</u>	<u>668,059</u>	<u>5,231,694</u>
Support Services			
Pupil services	276,064	90,616	366,680
Instruction support services	297,987	161,595	459,582
Administration	1,052,469	-	1,052,469
Buildings and grounds	1,098,349	-	1,098,349
Pupil transportation	457,751	68,338	526,089
Other support services	1,355,385	1,095	1,356,480
Debt service	-	-	-
Total support services	<u>4,538,005</u>	<u>321,644</u>	<u>4,859,649</u>
Total Expenditures	<u>9,101,640</u>	<u>989,703</u>	<u>10,091,343</u>
Excess (deficiency) of revenues over expenditures	999,772	(530,528)	469,244
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds of sale of capital assets	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(1,179,439)	530,528	(648,911)
NET CHANGE IN FUND BALANCE	(179,667)	-	(179,667)
FUND BALANCES-BEGINNING OF YEAR	<u>2,833,341</u>	<u>-</u>	<u>2,833,341</u>
FUND BALANCES-END OF YEAR	<u>\$ 2,653,674</u>	<u>\$ -</u>	<u>\$ 2,653,674</u>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2023**

	<u>Special Revenue Funds</u>			Capital Improv Trust	Total Nonmajor Governmental Funds
	<u>Debt Service</u>	<u>Food Service</u>	<u>Community Service</u>		
<b>ASSETS</b>					
Cash and investments	\$ 559,964	\$ 144,756	\$ 405,950	\$ 1,602,433	\$ 2,713,103
Accounts receivable	-	-	863	-	863
Due from other funds	-	-	-	350,000	350,000
Due from other government	-	1,400	-	-	1,400
<b>TOTAL ASSETS</b>	<b><u>\$ 559,964</u></b>	<b><u>\$ 146,156</u></b>	<b><u>\$ 406,813</u></b>	<b><u>\$ 1,952,433</u></b>	<b><u>\$ 3,065,366</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	48,214	-	48,214
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>48,214</u></b>	<b><u>-</u></b>	<b><u>48,214</u></b>
<b>Fund Balances</b>					
Restricted	559,964	146,156	358,599	1,952,433	3,017,152
<b>Total Fund Balances</b>	<b><u>559,964</u></b>	<b><u>146,156</u></b>	<b><u>358,599</u></b>	<b><u>1,952,433</u></b>	<b><u>3,017,152</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 559,964</u></b>	<b><u>\$ 146,156</u></b>	<b><u>\$ 406,813</u></b>	<b><u>\$ 1,952,433</u></b>	<b><u>\$ 3,065,366</u></b>

See accompanying notes to the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

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

	<u>Special Revenue Funds</u>			Capital Improv Trust	Total Nonmajor Governmental Funds
	<u>Debt Service</u>	<u>Food Service</u>	<u>Community Service</u>		
<b>REVENUES</b>					
Local	\$ 243,026	\$ 123,118	\$ 401,598	\$ 33,150	\$ 800,892
State	-	5,079	-	-	5,079
Federal	-	217,178	-	-	217,178
Other	-	-	-	-	-
Total Revenues	<u>243,026</u>	<u>345,375</u>	<u>401,598</u>	<u>33,150</u>	<u>1,023,149</u>
<b>EXPENDITURES</b>					
Support Services					
Food service	-	363,026	-	-	363,026
Other support services	-	-	-	-	-
Buildings and grounds	-	-	-	135,283	135,283
Debt service	335,374	-	-	-	335,374
Total support services	<u>335,374</u>	<u>363,026</u>	<u>-</u>	<u>135,283</u>	<u>833,683</u>
Community services	-	-	351,450	-	351,450
Total Expenditures	<u>335,374</u>	<u>363,026</u>	<u>351,450</u>	<u>135,283</u>	<u>1,185,133</u>
Excess (deficiency) of revenues over expenditures	(92,348)	(17,651)	50,148	(102,133)	(161,984)
<b>OTHER FINANCING SOURCES</b>					
Transfer in	-	-	298,911	350,000	648,911
Net Change in Fund Balance	(92,348)	(17,651)	349,059	247,867	486,927
FUND BALANCES - BEGINNING OF YEAR	<u>652,312</u>	<u>163,807</u>	<u>9,540</u>	<u>1,704,566</u>	<u>2,530,225</u>
FUND BALANCES-END OF YEAR	<u>\$ 559,964</u>	<u>\$ 146,156</u>	<u>\$ 358,599</u>	<u>\$ 1,952,433</u>	<u>\$ 3,017,152</u>

See accompanying notes to the financial statements

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

Federal Agency/ Program Title	CFDA Number	Pass-Through Agency	Revenues			Total Revenues	Total Expenditures Grantor Share
			(Accrued) Deferred Beginning Balance	Received	Accrued (Deferred) Ending Balance		
<b>U.S. DEPARTMENT OF EDUCATION</b>							
Title I	84.010	WI DPI	\$ (12,852)	\$ 118,503	\$ 42,931	\$ 148,582	\$ 148,582
Supporting Effective Instruction	84.367	WI DPI	(15,401)	30,308	-	14,907	14,907
Student Support & Academic Enrichment	84.424	WI DPI	-	-	10,000	10,000	10,000
Covid 19- Elem & Secondary School Emerg Relief II	84.425D	WI DPI	(47,209)	76,492	-	29,283	29,283
Covid 19- Elem & Secondary School Emerg Relief III	84.425D	WI DPI	(22,965)	190,837	80,449	248,321	248,321
Special Education Cluster (IDEA)							
Special Education Grants to States	84.027	WI DPI	(36,296)	164,147	34,309	162,160	162,160
Special Education Preschool Grant	84.173	WI DPI	(886)	4,579	7,937	11,630	11,630
Total Special Education Cluster(IDEA)			<u>(37,182)</u>	<u>168,726</u>	<u>42,246</u>	<u>173,790</u>	<u>173,790</u>
<b>U.S. DEPT OF HEALTH &amp; HUMAN SERVICES</b>							
Medical Assistance	93.778	CESA 10	-	105,527	-	105,527	105,527
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Food Distribution - Commodities	10.565	WI DPI	-	32,480	-	32,480	32,480
Child Nutrition Cluster							
National Breakfast Program	10.553	WI DPI	-	28,408	306	28,714	28,714
National School Lunch Program	10.555	WI DPI	-	154,890	1,094	155,984	155,984
Total Child Nutrition Cluster			<u>-</u>	<u>215,778</u>	<u>1,400</u>	<u>217,178</u>	<u>217,178</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ (135,609)</u>	<u>\$ 906,171</u>	<u>\$ 177,026</u>	<u>\$ 947,588</u>	<u>\$ 947,588</u>

See notes to the schedules of expenditures of federal and state awards.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended June 30, 2023**

State Agency/ Pass-Through Agency/ Program Title	State ID Number	Revenues			Total Revenues	Total Expenditures Grantor Share
		(Accrued) Deferred Beginning Balance	Received (Returned)	Accrued (Deferred) Ending Balance		
<b>DEPARTMENT OF PUBLIC INSTRUCTION</b>						
Entitlement Programs						
Special Education and School Age Parents Participant in Package Programs:	255.101	\$ -	\$ 150,038	\$ -	\$ 150,038	\$ 150,038
Waupaca Schools		-	21,025	-	21,025	21,025
CESA # 5		-	42,528	-	42,528	42,528
Total Handicapped Program		-	213,591	-	213,591	213,591
School Lunch Aid Program	255.102	-	3,191	-	3,191	3,191
Common School Fund Library Aid	255.103	-	33,351	-	33,351	33,351
General Equalization	255.201	-	4,180,177	-	4,180,177	4,180,177
Sparsity Aid	255.212	-	246,689	-	246,689	246,689
Pupil Transportation	255.107	-	15,958	-	15,958	15,958
High Cost Special Education State Aid	255.210	-	10,220	-	10,220	10,220
School Breakfast Aid Program	255.344	-	1,888	-	1,888	1,888
Per Pupil Adjustment Aid	255.945	-	461,524	-	461,524	461,524
Educator Effectiveness	255.940	-	4,480	-	4,480	4,480
Career & Technical Edac Incentive Grants	255.950	-	23,807	-	23,807	23,807
Special Education Transition Incentive	255.960	-	3,822	-	3,822	3,822
Assessments of Reading Readiness	255.956	-	652	-	652	652
High Cost Transportation Aid	255.947	-	42,305	-	42,305	42,305
Early College Credit Program	255.445	-	208	-	208	208
Total Wisconsin Department of Public Instruction		-	5,241,863	-	5,241,863	5,241,863
WIDOR-Validation Study		(2,000)	17,675	-	15,675	15,675
WIDOR-Payment In Lieu of Taxes		-	50,209	-	50,209	50,209
WIDOR-Personal Property Aid		-	8,382	-	8,382	8,382
WIDOR-Computer Aid		(2,908)	2,908	2,908	2,908	2,908
Auburndale Schools-Peer Review & Mentoring		-	-	-	9,394	9,394
WISDOA-Mental Health Grant		-	7,600	1,650	9,250	9,250
<b>TOTAL STATE AWARDS</b>		<b>\$ (4,908)</b>	<b>\$ 5,328,637</b>	<b>\$ 4,558</b>	<b>\$ 5,337,681</b>	<b>\$ 5,337,681</b>

See notes to the schedules of expenditures of federal and state awards.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

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

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**NOTE 1 - BASIS OF PRESENTATION**

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The accompanying schedules of expenditures of federal and state awards (the Schedules) include the federal and state grant activity of the District under programs of the federal and state government for the year ended June 30, 2023. The information in these schedules is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Guidelines issued by the Wisconsin Department of Administration. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

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

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

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**NOTE 2 - SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM**

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2022-2023 eligible costs under the State Special Education Program are \$603,544.

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**NOTE 3 - FOOD DISTRIBUTION**

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

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**NOTE 4 – OVERSIGHT AGENCIES**

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

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

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**NOTE 5 – PASS-THROUGH ENTITIES**

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Federal awards have been passed through the following entities:

- CESA10 – Cooperative Educational Service Agency No. 10
- WI DPI – Wisconsin Department of Public Instruction



Independent Auditor's Report on Internal Control Over Financial  
Reporting on Compliance and Other Matters Based on an Audit of Financial Statements  
In Accordance with Government Auditing Standards

Board of Education  
School District of Iola-Scandinavia  
Iola, 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 District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 18, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-1 and 2023-2 that we consider to be significant deficiencies.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

**District's Response to Findings**

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

**Purpose of this Report**

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

*Accounting Workshop SC*

Accounting Workshop, SC  
November 18, 2023

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

Board of Education  
School District of Iola-Scandinavia  
Iola, Wisconsin

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal and State Program**

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

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

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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

*Accounting Workshop SC*

Accounting Workshop, SC  
November 18, 2023

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2023**

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

*Financial Statements*

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness identified?	_____ yes	_____ <u>X</u> no
Significant deficiency(ies) identified?	_____ <u>X</u> yes	_____ no
Noncompliance material to the financial statements	_____ yes	_____ <u>X</u> no

*Federal Awards*

Internal control over major federal programs:		
Material weakness identified?	_____ yes	_____ <u>X</u> no
Significant deficiency(ies) identified?	_____ yes	_____ <u>X</u> no

Type of auditor's report issued on compliance for major federal programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with the 2CRF 200.516(a)?	_____ yes	_____ <u>X</u> no
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Identification of Major Federal Programs

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title One
84.425	ESSER 2
84.425	ESSER 3

Dollar threshold used to distinguish between Type A and Type B programs:	_____ <u>\$ 750,000</u>
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Auditee qualified as low-risk auditee?	_____ yes	_____ <u>X</u> no
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**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2023

*State Awards*

Internal control over state programs:

Material weakness identified? \_\_\_\_\_ yes                            X       no

Significant deficiency(ies) identified? \_\_\_\_\_ yes                            X       no

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Guidelines? \_\_\_\_\_ yes                            X       no

Identification of Major State Programs:

State Number	Name of State Program
255.101	Special Education and School Age Parents
255.201	General Equalization Aid
255.945	Per Pupil Aid

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

**Section II - Financial Statement Findings**

***FINDING 2023-1: INTERNAL CONTROL OVER FINANCIAL REPORTING***

**Criteria:** A system of internal control should be in place that provides reasonable assurance that year end financial statements, including the schedules of expenditures of federal and state awards, are complete and accurate.

**Condition:** There is a lack of controls over the year end financial reporting process. We, as your auditors, prepared the District's financial statements and schedules of expenditures of federal and state awards.

**Cause:** Due to its size, the District does not have the funds to hire the additional staff that would be required in order to have enough time and expertise to record all year end closing entries and prepare its own financial statements, including the schedules of expenditures of federal and state awards.

**Effect:** Because of the lack of controls over year end financial reporting, your financial statements may be misstated before the annual audit is completed.

**Recommendation:** Most small districts operate with only enough staff to process monthly transactions and reports, and will continue to rely on outside consultants to handle yearend financial reporting. The school board should continue to make a reasonable effort to be knowledgeable about the District's financial condition and financial reporting requirements.

**Management's Response/Planned Corrective Action:** It is indicated that the District has significant deficiencies in that we do not prepare a complete set of audit reports including footnotes and we have audit adjustments. As stated in the report, there are very few schools that have met these strict standards and the District is no exception. To meet these standards, we would need additional staff, primarily a CPA dedicated to meeting these standards.

District staff will accumulate as much of the information required for federal and state awards as we can and reconcile the revenue and expenditure information to the general ledger for these awards. We will continue to rely on the assistance of our auditors to draft the financial statements because the District does not have the staff needed to perform this task. Management reviews and compares the financial statements to District financial records and accepts responsibility for the financial statements.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2023**

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**Section II - Financial Statement Findings (continued)**

***FINDING 2023-2: INTERNAL CONTROL***

**Criteria:** A system of internal control should be in place to achieve a higher reliability that errors or irregularities in your processes would be discovered by your staff. A critical component of a solid internal control system is ensuring that individuals have access to only one phase of an accounting process.

**Condition:** Some key controls over the accounts payable/disbursements, payroll, and monthly and year end accounting transaction cycles are not in place. There is some lack of segregation of duties over these areas.

**Cause:** Due to its size, the District does not have an adequate number of employees needed to implement the ideal controls over these transaction cycles.

**Effect:** Because of the lack of internal controls, it is less likely that errors or irregularities would be discovered internally.

**Recommendation:** Most of the key controls lacking for accounts payable/disbursements, payroll, and monthly and year end accounting are not possible to cure without adding additional staff. The board and management should continue to make a reasonable effort to be knowledgeable about its key transaction cycles.

**Management's Response/Planned Corrective Action:** The District is aware of our lack of controls over disbursements, payroll, and monthly and year end accounting. Currently, the administrator and school board review financial information as an additional control. The monthly board packets include revenues compared to the previous years and budget, expenditures compared to previous years and budget, and check registers.

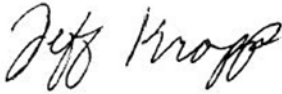
**Section III – Federal and State Award Findings and Questioned Costs**

There are no audit findings and questioned costs required to be reported in accordance with 2 CFR 200.516(a) and the State Single Audit Guidelines issued by the Wisconsin Department of Administration for the year ended June 30, 2023.

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2023**

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**Section IV - Other Issues**

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no
2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*:  
  
Department of Public Instruction yes \_\_\_\_\_ X \_\_\_\_\_ no
3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? \_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no
4. Name and signature of partner   
\_\_\_\_\_  
Jeffrey Kropp, CPA
5. Date of report November 18, 2023



**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**June 30, 2023**

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**DEPARTMENT OF EDUCATION**

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Finding 2022-2: Segregation of Accounting Duties

Condition: The District's business manager performs many accounting functions in the receipt and billing, accounts payable disbursement and payroll processing transaction cycles and maintains the general ledger.

Recommendation: Monthly financial activity such as journal entries, detail of significant asset and liability balances, bank statements and monthly activity should be reviewed by another member of management for reasonableness.

Current Status: The Superintendent continues to review selected financial information on a monthly basis.

**Form of Limited Continuing Disclosure Certificate**

## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the School District of Iola-Scandinavia, Waupaca and Portage Counties, Wisconsin (the "Issuer") in connection with the issuance of \$2,300,000 General Obligation Promissory Notes, Series 2024, dated July 1, 2024 (the "Securities"). The Securities are being issued pursuant to resolutions adopted on December 11, 2023 and June 10, 2024 (collectively, the "Resolution") and delivered to \_\_\_\_\_ (the "Purchaser") on the date hereof. Pursuant to the Resolution, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data annually and timely notices of the occurrence of certain events. In addition, the Issuer hereby specifically covenants and agrees as follows:

Section 1(a). Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders of the Securities in order to assist the Participating Underwriters within the meaning of the Rule (defined herein) in complying with SEC Rule 15c2-12(b)(5). The Issuer is an obligated person with respect to not more than \$10,000,000 in aggregate amount of outstanding municipal securities (including the Securities but excluding obligations exempt from the Rule). References in this Disclosure Certificate to holders of the Securities shall include the beneficial owners of the Securities. This Disclosure Certificate constitutes the written Undertaking required by the Rule.

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

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

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

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

"Final Official Statement" means the Official Statement dated June 10, 2024 delivered in connection with the Securities, which is available from the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include

municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

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

"Issuer" means the School District of Iola-Scandinavia, Waupaca and Portage Counties, Wisconsin, which is the obligated person with respect to the Securities.

"Issuer Contact" means the Business Manager of the Issuer who can be contacted at 450 E. Division Street, Iola, Wisconsin 54945, phone (715) 445-2411, fax (715) 445-4468.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

"SEC" means the Securities and Exchange Commission.

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

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

Section 4. Content of Annual Report. The Issuer's Annual Report shall contain or incorporate by reference financial information and operating data that is customarily prepared and publicly available, to wit:

1. Audited Financial Statements; and
2. The Issuer's adopted annual budget.

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

Section 5. Reporting of Listed Events.

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

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
7. Modification to rights of holders of the Securities, if material;
8. Securities calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the Issuer;
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect holders of the Securities, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, we have executed this Certificate in our official capacities effective the 1st day of July, 2024.

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Michael Harbridge  
District President

(SEAL)

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Diana Jones  
District Clerk



**Official Notice of Sale and Bid Form**

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**OFFICIAL NOTICE OF SALE**

**AND**

**BID FORM**

**FOR**

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA**

**PORTAGE AND WAUPACA COUNTIES, WISCONSIN**

**\$2,300,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024**

DATE AND TIME: June 10, 2024  
10:00 a.m.  
Central Daylight Saving Time

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

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

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\* Preliminary, subject to change.

**OFFICIAL NOTICE OF SALE**

**SCHOOL DISTRICT OF IOLA-SCANDINAVIA  
PORTAGE AND WAUPACA COUNTIES, WISCONSIN  
\$2,300,000\* GENERAL OBLIGATION PROMISSORY NOTES, SERIES 2024**

NOTICE IS HEREBY GIVEN that the School Board (the “Board”) of the School District of Iola-Scandinavia, Portage and Waupaca Counties, Wisconsin (the “District”), will receive bids either (i) electronically via **Parity®** or (ii) sent via e-mail to [compbidWI@pmanetwork.com](mailto:compbidWI@pmanetwork.com) (each as more fully described below), for the purchase of its \$2,300,000\* General Obligation Promissory Notes, Series 2024 (the “Notes”), on an all or none basis at the following time and place:

DATE AND TIME: 10:00 a.m.  
Central Daylight Saving Time  
June 10, 2024

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

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

**The Notes**

Proceeds of the Notes will be used (i) to pay the cost of a district-wide school facility improvement project consisting of: building systems, infrastructure, safety and security improvements, including remodeling for secure main entrances; and acquisition of furnishings, fixtures and equipment, and (ii) to pay certain costs associated with the issuance of the Notes.

The Notes are being issued pursuant to Section 67.12(12) of the Wisconsin Statutes, an initial resolution adopted by the Board on December 11, 2023, which was approved at referendum on April 2, 2024 and a resolution to be adopted by the Board on June 10, 2024. The Notes will be general obligations of the District for which its full faith and credit and taxing powers are pledged which taxes may, under current law, be levied without limitation as to rate or amount. The District is authorized and required by law to levy on all property taxable by the District such ad valorem taxes as may be necessary to pay the Notes and the interest thereon. See “THE NOTES” and “CONSTITUTIONAL AND STATUTORY CONSIDERATIONS AND LIMITATIONS CONCERNING THE DISTRICT’S POWER TO INCUR INDEBTEDNESS” in the Preliminary Official Statement for further information on the authorization and security for the Notes.

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\* Preliminary, subject to change.

## **Bidding Instructions**

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

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

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

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

**Any Bidder intending to bid via e-mail shall notify the Municipal Advisor of such intention no later than the close of business on June 7, 2024.**

## **Determination of Winning Bid**

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

## **Terms of the Notes**

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

The Notes due on and after April 1, 2033 are subject to redemption prior to maturity, at the option of the District, in whole or in part, from maturities selected by the District and within each maturity by lot, in integral multiples of \$5,000, on April 1, 2032 or on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

Any Bidder electing to designate any maturities as term bonds shall so specify on the affirmed bid form. The term bonds shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

## **Bidding Parameters**

**The interest rates must be in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%), and not more than one rate for a single maturity shall be specified. The rate bid for each maturity shall not exceed 6.00%. All bids must be for all of the Notes and must be for not less than 100.00% and not more than 106.00% of the par amount thereof.**

**Attorneys' fees, Municipal Advisor fees, rating agency fees, paying agent fees, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the final Official Statement and miscellaneous expenses of said District incurred in connection with the offering and delivery of the Notes shall all be the obligation of the Underwriter. The total of these fees is \$54,568.**

*A good faith deposit will not be required prior to bid opening.* The Underwriter is required to submit a certified or cashier's check on a solvent bank or trust company or a wire transfer for \$23,000 payable to the District as evidence of good faith of the bidder (the "Deposit") not later than 3:30 P.M. Central Daylight Saving Time on the sale date. The Deposit of the Underwriter will be retained by the District pending delivery of the Notes. The District may hold the proceeds of any Deposit or invest the same (at the District's risk) in obligations that mature at or before the delivery of the Notes, until disposed of, as follows: (a) at the delivery of the Notes and upon compliance with the Underwriter's obligation to take up and pay for the Notes, the full amount of the Deposit held by the District, without adjustment for interest, shall be applied toward the purchase price of the Notes at that time, and the full amount of any interest earnings thereon shall be retained by the District; and (b) if the Underwriter fails to take up and pay for the Notes when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the District as liquidated damages.

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

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

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

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

## Establishment of Issue Price

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) any agreement among Underwriters or selling group agreement relating to the initial sale of the Notes to the Public, together with the related pricing wires,



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

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

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

## **Tax Status**

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

## **Designation as Qualified Tax-Exempt Obligations**

The Notes shall be designated as “qualified tax-exempt obligations” under the small issuer exception provided under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

## **Book-Entry Only**

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

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

## **CUSIP Numbers**

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

## **Continuing Disclosure**

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

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

## **Official Statement**

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

## **Conditions of Closing**

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

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

The Notes will be delivered to the Underwriter against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be July 1, 2024. Should delivery, however, be delayed beyond forty-five (45) days from the date of sale for any reason beyond the control of the District except failure of performance by the Underwriter, the District may cancel the award or the Underwriter may withdraw the Deposit and thereafter the Underwriter's interest in and liability for the Notes will cease.

**Additional Information**

The Preliminary Official Statement and the Official Bid Form, together with other pertinent information, may be obtained from the District, Attention: Chris Nelson, District Administrator, 450 Division Street, Iola, Wisconsin 54945, telephone: (715) 445-2411, or from the Municipal Advisor, Attention: Phil Hohlweck, 770 N. Jefferson Street, Suite 200, Milwaukee, Wisconsin 53202, telephone: (414) 436-1943.

By order of the School Board of the District, dated this 3<sup>rd</sup> day of June, 2024.

/s/ Chris Nelson

District Administrator  
School District of Iola-Scandinavia  
Portage and Waupaca Counties, Wisconsin

**OFFICIAL BID FORM**

School Board  
 School District of Iola-Scandinavia  
 Portage and Waupaca Counties, Wisconsin

June 10, 2024

Ladies and Gentlemen:

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

Par amount of Notes: \$2,300,000\*  
 Dated date: Date of issuance  
 Purchase price: \$ \_\_\_\_\_  
 (not less than 100.00% and not more than 106.00% of the par amount of the Notes)

The Notes shall bear interest as follows (each rate (i) a multiple of 1/8 or 1/20 of 1% and (ii) not exceeding 6.00%):

Maturity <u>(April 1)</u>	<u>Amount (\$)*</u>	<u>Rate (%)</u>	<u>Term Bond (Years)</u>
2025	40,000	_____	_____
2026	80,000	_____	_____
2027	140,000	_____	_____
2028	250,000	_____	_____
2029	260,000	_____	_____
2030	280,000	_____	_____
2031	295,000	_____	_____
2032	305,000	_____	_____
2033	320,000	_____	_____
2034	330,000	_____	_____

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

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

If insured, please insert the name of the insurer \_\_\_\_\_ and amount of the premium \$ \_\_\_\_\_. Any increased costs of issuance of the Notes resulting from such purchase of insurance shall be paid by the successful bidder (the “Purchaser”). Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Notes have

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

been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Notes.

Any Bidder electing to designate any maturities as term bonds shall so specify on the affirmed bid form. The term bonds shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

The Notes due on and after April 1, 2033 are subject to redemption prior to maturity, at the option of the District, in whole or in part, from maturities selected by the District and within each maturity by lot, in integral multiples of \$5,000, on April 1, 2032 or on any date thereafter, at a redemption price of par plus accrued interest to the redemption date.

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

**Attorneys' fees, Rating Agency fees, Municipal Advisor fees, paying agent fees, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the final Official Statement and miscellaneous expenses of said District incurred in connection with the offering and delivery of the Notes shall all be the obligation of the Underwriter. The total of these fees is \$54,568.**

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

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

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

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

We understand that if we are the winning bidder that we will deposit with the District not later than 3:30 P.M. Central Daylight Saving Time on the sale date a certified or cashier's check or wire transfer in the amount of \$23,000 payable to said District as a guarantee of good faith, to be applied in accordance with the Official Notice of Sale.

\_\_\_\_\_

Managing Underwriter Signature

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

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

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

\_\_\_\_\_

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

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

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

The foregoing offer is hereby accepted this 10th day of June, 2024 by the School Board of the School District of Iola-Scandinavia, Portage and Waupaca Counties, Wisconsin, and in recognition therefore is signed by the official of the District empowered and authorized to make such acceptance.

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President, School Board  
School District of Iola-Scandinavia  
Portage and Waupaca Counties, Wisconsin



**Form of Issue Price Certificate**

School District of Iola-Scandinavia, Wisconsin ("District")  
\$2,300,000  
General Obligation Promissory Notes, Series 2024,  
dated July 1, 2024

**UNDERWRITER'S CERTIFICATE**

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

**1. Reasonably Expected Initial Offering Price.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Notes to the Public by \_\_\_\_\_ are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Notes used by \_\_\_\_\_ in formulating its bid to purchase the Notes. Attached as Schedule B is a true and correct copy of the bid provided by \_\_\_\_\_ to purchase the Notes.

(b) \_\_\_\_\_ was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by \_\_\_\_\_ constituted a firm offer to purchase the Notes.

**2. [Bond Insurance.**

(a) The Municipal Bond Insurance Policy (the "Bond Insurance Policy") issued by \_\_\_\_\_ (the "Bond Insurer") was essential in marketing the Notes at the rates and prices at which they were marketed and the absence of the Bond Insurance Policy would have had a material adverse effect on the interest rates at which the Notes were sold.

[(b) We are paying a premium of \$\_\_\_\_\_ (the "Bond Insurance Premium") to the Bond Insurer for its Bond Insurance Policy.]

(c) In our opinion, the Bond Insurance Premium paid to the Bond Insurer for its Bond Insurance Policy is a reasonable arm's-length charge for the transfer of credit risk which the Bond Insurance Policy represents.

(d) In our opinion, the present value of the Bond Insurance Premium is less than the present value of the interest on the Notes reasonably expected to be saved as a result of the Bond Insurance Policy. In making this determination present values were computed by using the yield on the Notes (determined with regard to the Bond Insurance Premium) as the discount rate.]

3. ***Defined Terms.***

(a) "Maturity" means Notes with the same credit and payment terms. Notes with different maturity dates, or Notes with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Notes. The Sale Date of the Notes is June 10, 2024.

(d) "Underwriter" means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Notes to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents \_\_\_\_\_'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. \_\_\_\_\_ understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Exemption Certificate and compliance with the federal income tax rules affecting the Notes, and by Quarles & Brady LLP, Bond Counsel, in connection with rendering its opinion that the interest on the Notes is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G and other federal income tax advice that it may give to the District from time to time relating to the Notes.

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Dated: July 1, 2024

SCHEDULE A  
TO  
UNDERWRITER'S CERTIFICATE

EXPECTED OFFERING PRICES

(See Attached)

SCHEDULE B  
TO  
UNDERWRITER'S CERTIFICATE

COPY OF UNDERWRITER'S BID

(See Attached)