

YORKVILLE JOINT #2 SCHOOL DISTRICT

UNION GROVE, WISCONSIN

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2025

YORKVILLE JOINT #2 SCHOOL DISTRICT
JUNE 30, 2025

TABLE OF CONTENTS

Independent Auditor's Report	1 – 3
Management's Discussion and Analysis	4 – 10
BASIC FINANCIAL STATEMENTS	
District-wide Financial Statements	
Statement of Net Position	11 – 12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	17
NOTES TO BASIC FINANCIAL STATEMENTS	18 – 42
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	43
Schedule of the District's Share of Proportionate Net Pension Liability	44
Schedule of District's Proportionate Share of Contributions	45
Schedule of Changes in the District's Total OPEB Liability and Ratios	46
Schedule of Changes in the District's Supplemental Pension Liability and Related Ratios	47
Notes to Required Supplementary Information	48 – 50
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Debt Service Funds	51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Debt Service Funds	52
Combining Balance Sheet – Nonmajor Governmental Funds	53

TABLE OF CONTENTS – Continued

OTHER SUPPLEMENTARY INFORMATION – Continued

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	54
--	----

FEDERAL AND STATE AWARDS SECTION

Schedule of Expenditures of Federal Awards	55 – 56
Schedule of State Financial Assistance	57
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	58
Independent Auditor’s Report on Internal Control Over Financial Reporting And Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59 – 60
Independent Auditor’s Report on Compliance for Each Major State Program and on Internal Control Over Compliance Required by the Wisconsin Department of Public Instruction	61 – 63
Schedule of Findings and Questioned Costs	64 – 66
Schedule of Prior Year Audit Findings	67

Independent Auditor's Report

To the Board of Education
Yorkville Joint #2 School District

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yorkville Joint #2 School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Yorkville Joint #2 School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Yorkville Joint #2 School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and by the Wisconsin Department of Public Instruction in the Wisconsin School District Audit Manual. 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 Yorkville Joint #2 School 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

Yorkville Joint #2 School District's 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 Yorkville Joint #2 School 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Yorkville Joint #2 School 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 Yorkville Joint #2 School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of

inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Yorkville Joint #2 School District's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis 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 is also not a required part of the basic financial statements.

The other supplementary information listed in the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2025, on our consideration of the Yorkville Joint #2 School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Yorkville Joint #2 School District's internal control over financial reporting and compliance.

Chamberlain | Otte, CPAs, LLP

CHAMBERLAIN | OTTE, CPAs, LLP

Lake Geneva, Wisconsin
December 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

YORKVILLE JOINT #2 SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A STATEMENT) June 30, 2025

The discussion and analysis of the Yorkville Joint #2 School District's 2024-2025 financial performance provides an overall review of financial activities for the fiscal year. The analysis focuses on the school District performance as a whole. Efforts have been made to provide comparison to prior year data when such data is available. It should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

Total assets of the District are \$22,198,212. Total net position after deducting liabilities are \$10,631,011. Beginning net position was \$9,117,866. This represents an increase in net position of \$1,513,145.

In terms of general fund operations, we had an excess of Revenues over Expenditures of \$513,074. This increased our general fund balance from \$2,741,679 at the beginning of the year to \$3,254,755 at the end of the year. This was the benchmark statistic used in previous financial statements to judge fiscal performance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This section of the financial report consists of three parts-management's discussion and analysis, basic financial statements (District wide and fund statements) including notes to the financial statements, and other required supplementary information.

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

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

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

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

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1 Organization of Yorkville Joint #2 School District Annual Financial Report

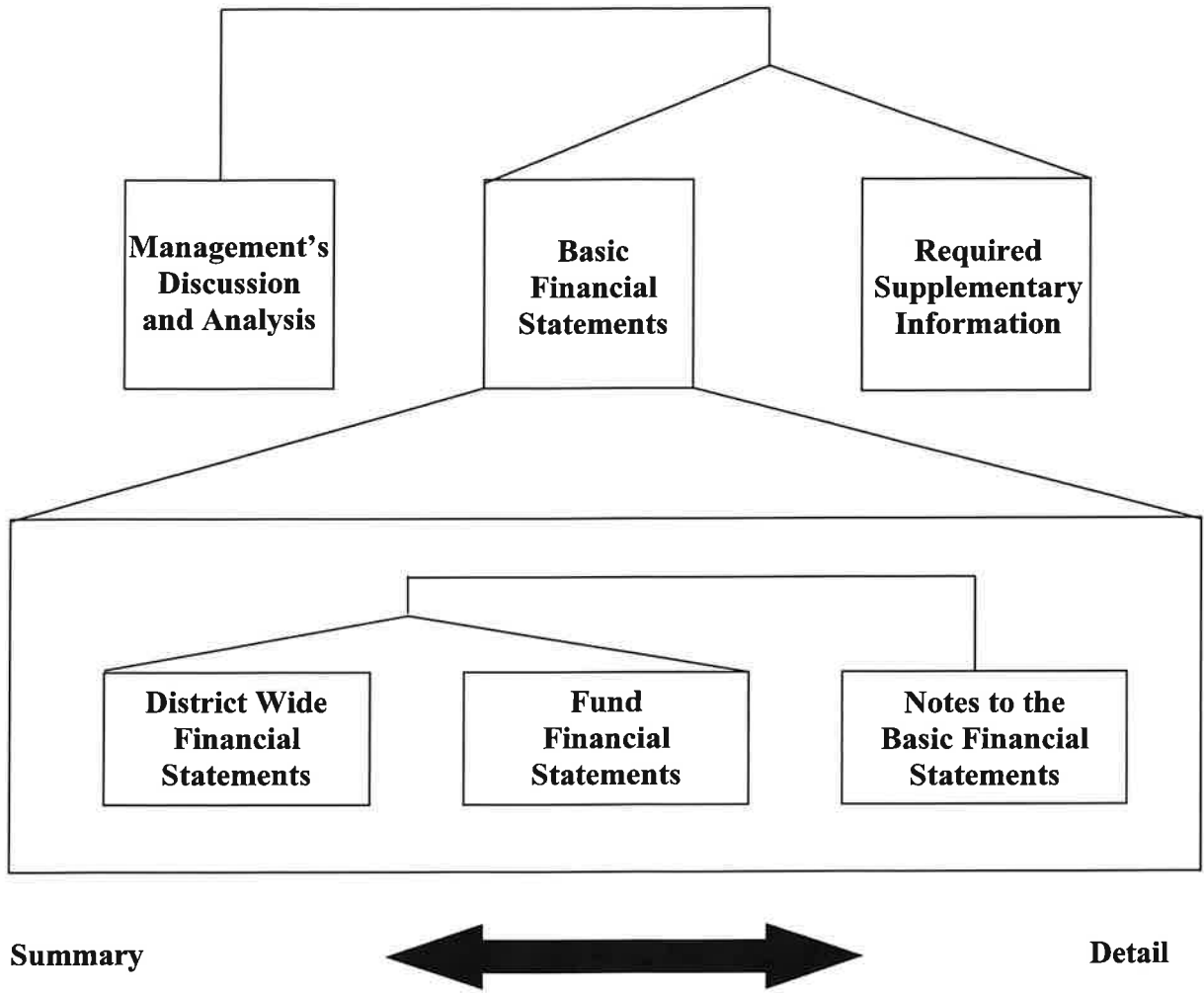


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District wide and Fund Financial Statements

Figure A-2	District Wide Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire District (Except fiduciary Funds.)	The activities of the District that are not fiduciary, such as instructional, support services, and community services.	Assets held by the District on behalf of someone else. Student and other organizations that have funds on deposit with the District are reported here.
Required financial statements	Statement of net position, and Statement of activities.	Balance sheet, and Statement of revenues, expenditures and changes in fund balance.	Statement of fiduciary net position, and Statement of changes in fiduciary net position.
Basis of accounting and measurement focus	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities are included.	All assets and liabilities, both financial and capital; short-term and long-term. These funds do not currently contain any capital assets, although they can.
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability are due and payable.	All additions or deductions during the year, regardless of when cash is received and paid.

District Wide Statements

The District wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The two District wide statements report the District’s *net position* and how it has changed. Net position, the difference between the District’s assets and liabilities, is one way to measure the District’s overall financial position.

- Increases or decreases in the District’s net position are one indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall financial condition of the District additional non-financial factors, such as changes in the District’s property tax base and the condition of school buildings and other facilities should be considered.

In the District wide financial statements, the District’s activities are divided into one category:

- *Governmental activities* – Most of the District’s basic services are included here, such as regular and special education, transportation, support services and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s *funds*, focusing on its most significant or “major” funds – not the District as a whole. Funds are accounting devices the District uses to keep track of sources of funding and spending on particular programs and to demonstrate compliance with various regulatory requirements.

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like capital project funds).

The District has one kind of fund:

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

FINANCIAL ANALYSES

Statement of Net Position

Table 1, provides a summary of the District's net position at June 30, 2025 and 2024. The calculation of net position includes an unrestricted amount of \$3,084,288. The Statement of Net Position – Governmental Fund Types breaks this amount down between the different funds. The calculation of net position uses historical costs for facilities that may not reflect the true value. The facilities are in excellent condition as sufficient funds are appropriated annually for preventative maintenance and nothing is deferred. The Food Service balance is restricted to food service uses.

Table 1	Governmental Activities 2025	Governmental Activities 2024
Current and Other Assets	<u>\$8,091,709</u>	<u>\$14,670,347</u>
Noncurrent Asset		
Capital Assets	<u>\$14,106,503</u>	<u>\$6,354,882</u>
Total Assets	<u>\$22,198,212</u>	<u>\$21,025,229</u>
Deferred Outflows of Resources		
Deferred Outflows of Resources from Changes in Net Position Asset	<u>1,469,482</u>	<u>2,075,564</u>
Current Liabilities	\$659,488	\$680,128
Noncurrent Liabilities		
Long-term Debt Outstanding	11,327,414	11,761,064
Net Pension Liability	<u>266,876</u>	<u>242,187</u>
Total Liabilities	<u>\$12,253,778</u>	<u>\$12,683,379</u>
Deferred Inflows of Resources		
Deferred Inflows of Resources from Changes in Net Pension Asset	<u>782,905</u>	<u>1,299,548</u>
Net Position:		
Net Investment in Capital Assets	\$7,016,289	\$5,716,055
Restricted		
Debt Service	--	435,337
Food Service	95,393	171,046
Other	435,041	92,282
Unrestricted	<u>3,084,288</u>	<u>2,703,146</u>
Total Net Position	<u>\$10,631,011</u>	<u>\$9,117,866</u>

Table 2, below shows the changes in net position for the fiscal years ended June 30, 2025 and 2024 from all governmental activities.

Table 2	Governmental Activities 2025	Governmental Activities 2024
Revenues:		
Program Revenues		
Charge for Services	\$1,597,932	\$1,431,370
Operating Grants & Contributions	403,722	476,095
General Revenues		
Property Taxes	4,963,557	4,603,536
State and Federal Aid	1,808,893	2,185,451
Interest Income	400,810	627,107
Other	7,407	634,080
Total Revenues	<u>\$9,182,321</u>	<u>\$9,957,639</u>
Expenses:		
Instruction	\$4,216,460	\$3,947,749
Support Services	2,406,380	3,045,925
Non-program	327,424	280,879
Debt Services	512,822	898,678
Unallocated Depreciation	206,090	206,290
Total Expenses	<u>\$7,669,176</u>	<u>\$8,379,521</u>
Change in Net Position	<u>1,513,145</u>	<u>1,578,118</u>
Beginning Net Position	<u>9,117,866</u>	<u>7,539,748</u>
Ending Net Position	<u>\$10,631,011</u>	<u>\$9,117,866</u>

FUND SUMMARY

General Fund

The General Fund, the main operating fund of the District remains in a financially strong position. The current General Fund Balance \$3,254,755 represents approximately 47% of the District's expenditures

Approximately 55% of District revenues come from property taxes, which are guaranteed by Racine County. Taxes are certified by the Board of Education in November to the Municipal Clerks. The clerks pay the District's proportionate share of collections in January and February. The balance of the taxes is then paid to the County by July 31st and remitted to the School District in August. State and federal aids account for approximately 21% of District revenues, which remained consistent with 2023-2024. The State makes payments periodically throughout the fiscal year. Other revenue accounted for 24% of District revenue.

The District will continue to make every effort to avoid short term borrowing. Unless an unanticipated situation requiring significant funds arises, the current cash reserves cover cash flow problems. Declining enrollment has continued and the smaller enrollment in the District continues to impact tax levying authority as set by the DPI Revenue Cap Formula. The District passed a \$900,000 recurring operational referendum in April 2023 to fund operating costs related to this declining enrollment as well as reductions in state aid. The District does remain positively open enrolled.

Overall, the District remains in sound financial standing. It is the goal of the current administration that the budget remains positive and that future general funds balances reflect positive growth, and we will continue to work to make this goal a reality.

The School District adopts a Preliminary Budget in July. An Interim Budget is adopted at the Annual Meeting of the electors in September. After October 15 and the final Revenue Limit calculations are completed, a Final Budget is adopted. This procedure keeps the District in compliance with all State Statutes.

Capital Projects Fund

The Capital Projects Fund has a Fund Balance at year-end of \$4,298,777. The Capital Projects Fund is a separate account used to record and keep track of improvement projects currently being constructed at the school.

Food Service Fund

The Food Service Fund has a Fund Balance at year-end of \$95,393. The Food Service Fund is a separate account used to record and keep track of food service activity.

Balance of Governmental Funds

The balance of the governmental funds is either funded in part by grants or reliant on the general fund for revenue sources. They are listed in the body of the audited statements.

Factors Bearing on District's Future

Resident enrollment in combination with steady open enrollment has helped positively position the district in recent years. Yorkville continues to be a destination for students in neighboring districts looking to open enroll. Some projection models show a decline in resident enrollment in the next 3 to 4 years which could result in a decrease in per pupil revenue.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact, Jeff Genovese, Business Manager, 18621 Washington Avenue, Union Grove, Wisconsin 53182, (262) 878-3759.

BASIC FINANCIAL STATEMENTS

YORKVILLE JT. #2 SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 6,173,089
Taxes Receivable	1,664,556
Other Receivable	16,992
Due from Other Governments	<u>237,072</u>
Total Current Assets	<u>8,091,709</u>
Noncurrent Assets	
Capital Assets	
Sites	272,361
Buildings and Improvements	9,349,700
Furniture and Equipment	1,729,720
Less: Accumulated Depreciation	(6,723,971)
Construction in Progress	<u>9,478,693</u>
Total Capital Assets	<u>14,106,503</u>
TOTAL ASSETS	<u>22,198,212</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows from Changes in Net Pension Liability	<u>1,469,482</u>

YORKVILLE JT. #2 SCHOOL DISTRICT
 STATEMENT OF NET POSITION
 June 30, 2025

LIABILITIES	
Current liabilities	
Deferred Revenue	-
Due to Other Governments	7,743
Accrued Interest	188,648
Current Portion of Long-Term Obligations	<u>463,097</u>
Total Current Liabilities	<u>659,488</u>
Noncurrent Liabilities	
Noncurrent Portion of Long-Term Obligations	11,327,414
Net Pension Liability	<u>266,876</u>
Total Noncurrent Liabilities	<u>11,594,290</u>
TOTAL LIABILITIES	<u>12,253,778</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources from Changes in Net Pension Liability	<u>782,905</u>
Net Position	
Net Investment in Capital Assets	7,016,289
Restricted for:	
Food Service	95,393
Other Activities	435,041
Unrestricted	<u>3,084,288</u>
TOTAL NET POSITION	<u>\$ 10,631,011</u>

YORKVILLE JT. #2 SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions\Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction:				
Undifferentiated Curriculum	\$ 2,547,335	\$ 1,597,932	\$ 60,767	\$ (888,636)
Regular Curriculum	621,663	-	-	(621,663)
Physical Curriculum	229,492	-	-	(229,492)
Special Education	618,906	-	86,803	(532,103)
Co-curricular Activities	121,200	-	-	(121,200)
Other Special Needs	77,864	-	-	(77,864)
Support				
Pupil Services	267,228	-	-	(267,228)
Instructional Staff Services	449,089	-	-	(449,089)
General Administration	226,426	-	-	(226,426)
School Building Administration	204,586	-	-	(204,586)
Business Administration	904,628	-	256,152	(648,476)
Central Services	268,232	-	-	(268,232)
Insurance and Judgments	86,191	-	-	(86,191)
Nonprogram	327,424	-	-	(327,424)
Debt Services	512,822	-	-	(512,822)
Unallocated Depreciation	206,090	-	-	(206,090)
Total school district \$	<u>7,669,176</u>	<u>\$ 1,597,932</u>	<u>\$ 403,722</u>	<u>\$ (5,667,522)</u>

General revenues:

Property Taxes	
General Purpose	4,064,357
Debt Service	899,200
State and Federal Aids not Restricted to Specific Functions	1,808,893
Interest Income	400,810
Miscellaneous Income	7,407

TOTAL GENERAL REVENUES 7,180,667

Change in Net Position 1,513,145

Net position - Beginning of year 9,117,866

Net position - End of year \$ 10,631,011

* This amount excludes depreciation that is included in the direct expenses of the various programs.

YORKVILLE JT. #2 SCHOOL DISTRICT
 BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2025

	General	Capital Projects Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 1,363,150	\$ 4,298,777	\$ 76,121	\$ 435,041	\$ 6,173,089
Taxes Receivable	1,664,556	-	-	-	1,664,556
Other Receivable	16,992	-	-	-	16,992
Due from Other Governments	210,057	-	27,015	-	237,072
TOTAL ASSETS	<u>\$ 3,254,755</u>	<u>\$ 4,298,777</u>	<u>\$ 103,136</u>	<u>\$ 435,041</u>	<u>\$ 8,091,709</u>
LIABILITIES					
Due to Other Governments	\$ -	\$ -	\$ 7,743	\$ -	\$ 7,743
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>7,743</u>	<u>-</u>	<u>7,743</u>
FUND BALANCES					
Fund Balances:					
Restricted	-	4,298,777	95,393	387,910	4,782,080
Assigned	-	-	-	47,131	47,131
Unassigned	3,254,755	-	-	-	3,254,755
TOTAL FUND BALANCES	<u>3,254,755</u>	<u>4,298,777</u>	<u>95,393</u>	<u>435,041</u>	<u>8,083,966</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,254,755</u>	<u>\$ 4,298,777</u>	<u>\$ 103,136</u>	<u>\$ 435,041</u>	<u>\$ 8,091,709</u>

YORKVILLE JT. #2 SCHOOL DISTRICT
 RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 June 30, 2025

Total fund balance - governmental activities \$ 8,083,966

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 as assets in governmental funds.

Governmental capital assets	20,830,474	
Governmental accumulated depreciation	<u>(6,723,971)</u>	14,106,503

The District's proportionate share of the WRS pension obligation exceeds its share
 of fiduciary net position. This is reported as a liability on the statement of net position,
 but it is not reported in the governmental funds. (266,876)

Deferred inflows and outflows of resources related to pensions are applicable to
 future periods and therefore, are not reported in the governmental funds. 686,577

Long-term liabilities, including bonds payable are not due and payable in the
 current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds and notes payable	11,790,511	
Accrued interest on general obligation debt	188,648	
Unused vested employee benefits	<u>-</u>	<u>(11,979,159)</u>

Total net position - governmental funds \$ 10,631,011

YORKVILLE JT. #2 SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General	Capital Projects Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds	
REVENUES						
Local Sources	\$ 4,128,744	\$ 358,080	\$ 218,071	\$ 938,309	\$ 5,643,204	
Interdistrict Sources	1,677,835	-	-	-	1,677,835	
Intermediate Sources	6,902	-	-	-	6,902	
State Sources	1,403,319	-	5,186	-	1,408,505	15%
Federal Sources	190,180	-	248,289	-	438,469	5%
Other Sources	7,409	-	-	-	7,409	
TOTAL REVENUES	7,414,389	358,080	471,546	938,309	9,182,324	
EXPENDITURES						
Instruction						
Current	4,040,152	-	-	41,292	4,081,444	
Support Service						
Current	2,533,736	7,278,018	547,198	-	10,358,952	
Debt Service	-	-	-	988,972	988,972	
Nonprogram						
Current	327,425	-	-	-	327,425	
Community Service	-	-	-	623	623	
TOTAL EXPENDITURES	6,901,313	7,278,018	547,198	1,030,887	15,757,416	
Excess of Revenues Over (Under) Expenditures	513,076	(6,919,938)	(75,652)	(92,578)	(6,575,092)	
Fund Balances - Beginning of Year	2,741,679	11,218,715	171,045	527,619	14,659,058	
Fund Balances - End of Year	\$ 3,254,755	\$ 4,298,777	\$ 95,393	\$ 435,041	\$ 8,083,966	

YORKVILLE JT. #2 SCHOOL DISTRICT
 RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ (6,575,092)

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

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

Capital outlay report in governmental fund statements	8,029,163	
Depreciation expense reported in the statement of activities	<u>(277,542)</u>	
Amount by which capital outlays are greater (less) than depreciation in the current period.		7,751,621

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

Special termination benefits paid in the current year	28,786	
Special termination benefits earned in the current year	<u>(54,191)</u>	
Amounts paid are greater (less) than amounts earned by		(25,405)

Repayment of principal on long-term debt is reported in the governmental funds as an expenditure, but is reported as a reduction in long-term debt in the statement of net position and does not affect the statement of activities.

The amount of long-term debt principal payments in the current year is:		468,550
---	--	---------

In the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used.

Pension employer contributions made	243,293	
Pension Expense	<u>(357,421)</u>	
		(114,128)

In governmental funds, interest payments on outstanding debt are reported as an expenditure when paid. In the statement of activities interest is reported as it accrues.

The amount of interest paid during the current period	524,874	
The amount of interest accrued during the current period	<u>(517,275)</u>	
Interest paid is greater (less) than interest accrued by		<u>7,599</u>

Change in net position - governmental activities \$ 1,513,145

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. INTRODUCTION

The Yorkville Joint #2 School District is organized as a common school district. The District, governed by a five-member elected school board, operates grades K through 8 and is comprised of all or parts of three taxing districts. The District, in lieu of its legal name, is referred to as the Yorkville School District.

The financial statements of the Yorkville Joint #2 School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

The reporting entity for the District is based upon criteria set forth by the Governmental Accounting Standards Board. All functions of the District for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency between the District and the governmental entity; control by the District over selection of the entity's governing authority or designation of management; the ability of the District to significantly influence operations of the entity; and whether the District is responsible for the accountability for fiscal matters.

B. BASIS OF PRESENTATION

District wide Statement

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

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

Fund Financial Statements

The fund statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

B. BASIS OF PRESENTATION, continued

remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

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

Capital Projects Fund – The Capital Projects Fund is used to account for expenditures financed through the use of bonds, promissory notes issued per Wis Stats. Sec67.12(12), state trust fund loans, land contracts, an expansions fund tax levy established per Wis Stat. Sec. 120.10(10m).

Food Service Fund – Food Service is used to account for the administration of the food service program and keep a separate record of federal and state revenues for food service purposes and track expenditures specific to food service.

C. COMPONENT UNITS

Generally accepted accounting principles require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. All insignificant activities and organizations with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. The District has no component units, and it is not included in any other governmental reporting entity.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The district-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING, continued

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

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

E. PROPERTY TAX LEVY

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

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

Property taxes are recognized as revenue in the period for which are levied. The 2024 tax levy is used to finance operation of the District's fiscal year ended June 30, 2025. All property taxes are considered due on January 1st, when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30th and are available to pay current liabilities.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. CASH AND INVESTMENTS

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

State statutes permit the District to invest available cash balances, other than debt service funds, in time deposits of authorized depositories, U.S. Treasury obligations, U.S. agency issues, high grade commercial paper, and the local government pooled- investment fund administered by the state investment board. Available balances in the debt service fund may be invested in municipal obligations, obligations of the United States and the local government pooled-investment fund.

All investments are stated at fair value. Determination of fair value for investment in the state treasurer's investment pool is based on the information provided by the State of Wisconsin Investment Board. The State Investment Fund (SIF), pools the excess cash of the State of Wisconsin and its agencies, certain retirement funds, and various local government units (Local Government Investment Pool (LGIP)) into a commingled fund. The District, at any point in time, is able to remove the pool shares deposited at full value plus any accrued interest. The state of Wisconsin Investment Board manages the SIF with oversight by a Board of Trustees as authorized in Wisconsin Statutes 25.14 and 25.17. It is not registered with the SEC as an investment company. The Legislative Audit Bureau audits the SIF annually.

Donations to the District of securities or other property are considered trust funds and are invested as the donor specifies. In the absence of any specific directions, the District may invest the donated items in accordance with laws applicable to trust investments.

G. RECEIVABLES AND PAYABLES

All accounts receivable are shown at gross amounts with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

H. CAPITAL ASSETS

Capital assets, which include property, plant and equipment, are reported in the district-wide financial statements. Capital assets are defined by the district as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of 1 year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

H. CAPITAL ASSETS, continued

Depreciation is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

Buildings	20-40 Years
Land Improvements	20 Years
Furniture and Equipment	5-20 Years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

I. NET POSITION

Net position represents the difference between assets and liabilities and deferred inflows and outflows of resources.

Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

J. FUND BALANCE

The Governmental Accounting Standards Board (GASB) defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB requires the fund balance amounts to be reported within one of the following fund balance categories:

- *Non-spendable* - amounts that cannot be spent either because they are in non-spendable form – inventory and prepaid expenses - or because they are legally or contractually required to be maintained intact – the principal of a scholarship fund.
- *Restricted* - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments such as the fund balance in debt service and capital projects funds.
- *Committed* - amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board is the highest level of decision-making authority for the District. Commitments maybe established, modified, or rescinded only through the same type of action it employed to previously commit those amounts. Any action to commit fund balance must occur prior to the end of the fiscal year.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

J. FUND BALANCE, continued

- *Assigned* - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This would include residual amounts in governmental funds other than the general fund.
- *Unassigned* – is available for any purpose and is only reported in the general fund except for any negative fund balances in the other funds

K. USE OF ESTIMATES

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

L. PENSIONS

Wisconsin State Retirement

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 the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Supplemental pension benefit

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

M. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Under GASB, in addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent the acquisition of net

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

M. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES, continued

assets that is applicable to a future reporting period(s) and thus, will not be recognized as an inflow of resources (revenue) until then. Changes in the net pension asset not included in pension expense are required to be reported as deferred outflows or inflows of resources. See footnote 10 for additional information.

N. OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Yorkville Joint #2 School District Other Postemployment Benefit Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. See footnote 11 and 12 for additional information.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES

Differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the statement of activities fall into one of three broad categories. The amounts shown in the reconciliations represent:

1. Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
2. Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS, continued

expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.

3. Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest expense is recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

NOTE 3. EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following individual funds had an excess of actual expenditures over budget for the year ended June 30, 2025:

<u>Individual Fund</u>	<u>Excess Expenditures</u>
Special Revenue Fund	\$41,292
Non-Referendum Debt Service	\$75,713

NOTE 4. CASH AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits may not be returned. Deposits in banks are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for demand (noninterest-bearing) deposits and time (interest-bearing) deposits. In addition, the State of Wisconsin has a State Guarantee Fund, which provides a maximum of \$400,000 per entity above the amount provided by the FDIC. However, due to the relatively small size of the Guarantee Fund in relation to the total coverage, total recovery of losses may not be available.

At year-end, the carrying amount of the District's deposits was \$6,173,089 and the bank balance was \$7,186,726. Of the bank balance, \$260,500 was covered by FDIC insurance and \$400,000 was covered by the State Guarantee Fund. This left \$353,136 uninsured.

	<u>Fair Value/ Carrying Amount</u>
Total Cash Deposits	\$997,504
WISC	<u>5,175,585</u>
Total Cash and Investments	<u>\$6,173,089</u>

NOTE 4. CASH AND INVESTMENTS, continued

Cash, deposits, and investment allocation:	
Governmental Activities	<u>\$6,173,089</u>

For investments, interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. Investments held for longer periods are subject to greater risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the school district investment is limited to maturities of less than one year. Further, investment maturities are structured to match cash flow requirements avoiding the need to sell securities on the open market prior maturity.

Credit risk is the risk that an issuer or other counter-party to an investment will not fulfill its obligation. Wisconsin Statute 66.04(2) and 67.11(2) restrict investment of temporarily idle cash reducing a district's exposure to such risk. The School Board has adopted an investment policy pursuant to these statutes, which allows the District to invest in time deposits, securities guaranteed by the U.S. Government, securities of the Wisconsin Local Pooled Investment Fund and commercial paper if the security has the highest or second highest rating of a nationally recognized rating agency. The District minimizes credit risk by limiting investments to the safest type of securities, consistent with state law and School Board policy, and diversifying in the investment portfolio.

Custodial credit risk for investment is the risk that, in the event of the failure of the counter-party, the District will not be able to recover the value of its investments. The District's agent in the District's name holds all investments exposed to custodial risk.

Wisconsin Statute 66.0603 authorizes the District to invest in the following types of instruments:

- Time deposits in any credit union, bank, savings bank, trust company, or savings and loan association that is authorized to transact business in Wisconsin if the time deposit matures in not more than three years.
- Bonds or securities issued or guaranteed as to principal or interest by the federal government or by a commission, board, or other instrumentality of the federal government (U.S. Treasuries and U.S. agencies).
- Bonds or securities of any Wisconsin county, city, drainage district, technical college district, village, town, or school district.
- Bonds issued by a local exposition district, local professional baseball park district, or local professional stadium district created under subchapter III or IV of chapter 229 of the Wisconsin statutes or bonds issued by the University of Wisconsin Hospitals or Clinics Authority.
- Any security maturing in seven years or less of the acquisition date with either the highest or second highest rating category of a nationally recognized rating agency.
- Securities of open-end management investment companies or investment trusts if the portfolio is collateralized by bonds or securities, subject to various conditions and investment options.

YORKVILLE JOINT #2 SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 4. CASH AND INVESTMENTS, continued

- A local government investment pool, subject to certain conditions. The District has adopted an investment policy which permits all investments allowed under the state statutes as described above.

NOTE 5. CHANGES IN CAPITAL ASSETS

	Balances July 1, 2024	Additions	Removals	Adjustments	Balances June 30, 2025
Land	\$272,361	\$ --	\$ --	\$ --	\$272,361
Buildings	9,349,700	--	--	--	9,349,700
Equipment	1,729,720	--	--	--	1,729,720
Construction in Progress	1,449,530	8,029,163	--	--	9,478,693
Totals	\$12,801,311	\$8,029,163	--	--	\$20,830,474
Accum Depreciation	(6,446,429)	(277,542)	--	--	(6,723,971)
Governmental activities capital assets net of accum depreciation	<u>\$6,354,882</u>	<u>\$7,751,621</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$14,106,503</u>

Depreciation was charged to governmental functions as follows:

Regular instruction	\$26,534
Buildings and grounds	31,363
Administrative and support services	13,555
Unclassified	206,090
Total depreciation for governmental activities	<u>\$277,542</u>

NOTE 6. LONG-TERM OBLIGATIONS

Long-term obligations of the District are as follows:

	Balances July 1, 2024	Additions	Removals	Balances June 30, 2025	Amounts due within one year
General obligation debt	\$11,850,117	\$--	\$464,098	\$11,386,019	\$451,019
Bond Anticipation Notes	--	--	--	--	--
(Discounts)/Premiums	7,424	--	4,452	2,972	2,972
Subtotal	11,857,541	--	468,550	11,388,991	453,991
Vested employee benefits - Other post-employment benefits	376,115	54,191	28,786	401,520	9,106
Totals	<u>\$12,233,656</u>	<u>\$54,191</u>	<u>\$497,336</u>	<u>\$11,790,511</u>	<u>\$463,097</u>

YORKVILLE JOINT #2 SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 6. LONG-TERM OBLIGATIONS, continued

Total interest paid during the year aggregated \$524,874.

General Obligation Debt

All general obligation debt is secured by the full faith and credit and unlimited taxing powers of the District. General obligation debt at June 30, 2025 is comprised of the following individual issue:

<u>Description</u>	<u>Issue Date</u>	<u>Interest Rates (%)</u>	<u>Date of Maturity</u>	<u>Balances 6/30/25</u>
General Obligation Bonds	2024	5.0%	2043	\$11,345,000
State Trust Fund Loan	2011	5.0%	2026	41,019
(Discounts)/Premiums				2,972
			Total	<u>\$11,388,991</u>

The 2024 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$807,952,748. The legal debt limit and margin of indebtedness as of June 30, 2025 in accordance with Section 67.03(1) (b) of the Wisconsin Statutes follows:

Debt limit (5% of \$807,952,748)	\$40,397,637
Deduct long-term debt applicable to debt margin	<u>11,388,991</u>
Margin of indebtedness	<u>\$29,008,646</u>

An aggregate future cash flow requirement for the retirement of long-term principal and interest on June 30, 2025 follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Amount</u>
2026	\$451,019	\$501,501	\$952,520
2027	430,000	478,950	908,950
2028	455,000	457,450	912,450
2029	480,000	434,700	914,700
2030-2034	2,790,000	1,788,250	4,578,250
2035-2039	3,445,000	1,091,400	4,536,400
2040-2043	<u>3,335,000</u>	<u>340,200</u>	<u>3,675,200</u>
Totals	<u>\$11,386,019</u>	<u>\$5,092,451</u>	<u>\$16,478,470</u>

NOTE 7. FUND BALANCES AND NET POSITION

Net Position

Detail related to amounts restricted for other activities is as follows:

Restricted for Other Activities:

Special Revenue Fund	\$40,291
Debt Service	347,619
Community Service	47,131
Total Restricted for Other Activities	<u>\$435,041</u>

Fund Balances

Detail related to fund balances of governmental funds is as follows:

Restricted:

Debt Service Fund	\$347,619
Special Revenue Fund	40,291
Food Service Fund	95,393
Capital Projects Fund	<u>4,298,777</u>
Total Restricted	<u>4,782,080</u>

Assigned:

Community Service Fund	<u>47,131</u>
------------------------	---------------

Unassigned:

General Fund	<u>3,254,755</u>
--------------	------------------

Total Governmental Fund Balance	<u>\$8,083,966</u>
---------------------------------	--------------------

NOTE 8. EMPLOYEE RETIREMENT PLANS

General Information about the Pension Plan

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

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

NOTE 8. EMPLOYEE RETIREMENT PLANS, continued

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

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

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

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

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

The WRS also provides death and disability benefits for employees.

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

NOTE 8. EMPLOYEE RETIREMENT PLANS, continued

Year	Core Fund Adjustment	Variable Fund Adjustment
2015	2.9%	2.0%
2016	0.5%	(5.0)%
2017	2.0%	4.0%
2018	2.4%	17.0%
2019	0.0%	(10.0)%
2020	1.7%	21.0%
2021	5.1%	13.0%
2022	7.4%	15.0%
2023	1.6%	(21.0)%
2024	3.6%	15.0%

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

During the reporting period, the WRS recognized \$238,139 in contributions from the employer.

Contribution rates as of June 30, 2025 are:

Employee Category	Employee	Employer
General (including teachers)	6.90%	6.90%
Protective with Social Security	6.90%	14.30%
Protective without Social Security	6.90%	19.10%

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

At June 30, 2025, the District reported a liability of \$266,876 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023 rolled forward to December 31, 2024. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2024, the District's proportion was .01624161%, which was a decrease of .00004751% from its proportion measured as of December 31, 2023.

YORKVILLE JOINT #2 SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 8. EMPLOYEE RETIREMENT PLANS, continued

For the year ended June 30, 2025, the District recognized pension expense of \$357,421.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$828,797	\$778,809
Net differences between projected and actual earnings on pension plan investments	405,533	--
Changes in assumptions	79,187	--
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,721	4,095
Employer contributions subsequent to the measurement date	154,243	--
Total	\$1,469,481	\$782,904

\$154,243 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 asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflow of Resources	Deferred Inflows of Resources
2026	\$1,382,205	\$1,222,723
2027	1,127,341	575,129
2028	169,127	306,151
2029	62,145	104,482
Thereafter	--	--

Actuarial assumptions. The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NOTE 8. EMPLOYEE RETIREMENT PLANS, continued

Actuarial Valuation Date:	December 31, 2023
Measurement Date of Net Pension Asset	December 31, 2024
Experience Study:	January 1, 2021 – December 31, 2023 Published November 19, 2024
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% - 5.7%
Mortality:	2020 WRS Experience Mortality Table
Post-retirement Adjustments*	1.7%

**No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience, and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate. Includes the impact of known Market Recognition Account deferred gains/losses on the liability for dividend payments.*

Actuarial assumptions are based upon an experience study conducted in 2024 that covered a three-year period from January 1, 2021 to December 31, 2023. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including seniority (merit) and separation rates. The Total Pension Liability for December 31, 2024 is based upon a roll-forward of the liability calculated from the December 31, 2023 actuarial valuation.

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

YORKVILLE JOINT #2 SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 8. EMPLOYEE RETIREMENT PLANS, continued

Asset Allocation Targets and Expected Returns¹			
As of December 31, 2024			
<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %²</u>
Public Equity	38	7.0	4.3
Public Fixed Income	27	6.1	3.4
Private Equity/Debt	20	9.5	6.7
Inflation Sensitive	19	4.8	2.1
Real Estate	8	6.5	3.8
Leverage ³	(12)	3.7	1.1
Total Core Fund	100	7.5	4.8
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.5	3.8
International Equities	30	7.4	4.7
Total Variable Fund	100	6.9	4.2

¹Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations
²New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.6%
³The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. Currently, an asset allocation target of 12% policy leverage is used, subject to an allowable range of up to 20%.

Single Discount rate. A single discount rate of 6.8% was used to measure the Total Pension Liability for the current and prior year. The discount rate is based on the expected rate of return on pension plan investments of 6.8% and a municipal bond rate of 4.08% (Source: "20-Bond GO Index" is the Bond Buyer Index, general obligation, 20 years to maturity, mixed quality as of December 31, 2024. In describing this index, the Bond Buyer notes that the bonds' average quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard and Poor's Corp.'s AA.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8. EMPLOYEE RETIREMENT PLANS, continued

Sensitivity of the District's proportionate share of the net pension asset to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the District's proportionate share of the net pension 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)	\$2,503,650	\$266,876	(\$1,322,287)

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

NOTE 9. OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description – The District's defined benefit other postemployment benefit (OPEB) plan, Yorkville Joint #2 School District Retiree Benefits Plan, provides OPEB for certain active and retired employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – Benefits and eligibility for employees were originally established through collective bargaining and have been amended through the employee handbook. Employees at least 55 with 20 continuous years of service will receive a one-time severance payment equaling 2 days of pay for each year of service in the District. The day's pay shall be 1/188th of the teacher's contract salary (excluding fringe benefits) during the last year of service prior to retirement. For hourly employees, the severance benefit will be equivalent to 16 hours pay for each year of service (excluding all fringe benefits). The amount is deposited into the employees HRA by June 30th of the year of separation.

Funding Policy – The benefits are currently funded on a pay-as-you go basis.

Employees covered by benefit terms – At June 30, 2025, the following employees were covered by the benefit terms:

NOTE 9. OTHER POST EMPLOYMENT BENEFITS, continued

	<u>OPEB</u>
Actives	40
Inactive employees or beneficiaries currently receiving benefits	--
Inactive employees entitled to but not yet receiving benefits	--
	<u>40</u>

Total OPEB Liability

The District's total OPEB liability of \$378,974 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs – The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.81%
Healthcare cost trend rates	7.00% in fiscal year 2025 grading down to 4.50% in fiscal 2045+

The discount rate is based on the S&P Municipal Bond 20 Year High Grade Index as of the measurement date.

Mortality rates were based on the 2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.

The actuarial assumptions used in the June 30, 2025 valuation were based on a July 1, 2023 rolled forward to July 1, 2024.

Changes in the Total OPEB Liability

	<u>OPEB Liability</u>
Balance at 6/30/2024	<u>\$357,298</u>
Changes for the year:	
Service Cost	29,881
Interest	15,351
Changes in benefit terms	--
Differences between expected and actual experience	3,840
Benefit payments	(15,191)
Changes in assumptions or other inputs	<u>(12,205)</u>
Net changes	<u>21,676</u>
Balance at 6/30/2025	<u>\$378,974</u>

NOTE 9. OTHER POST EMPLOYMENT BENEFITS, continued

For the year ended June 30, 2025 the District recognized OPEB expense of \$40,424.

Sensitivity of the OPEB liability to changes in the discount rate – The following presents the OPEB liability of the District, as well as what the District’s OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.81 percent) or 1-percentage-point higher (5.81 percent) than the current rate:

	1 % Decrease (3.81%)	Discount Rate (4.81%)	1% Increase (5.81%)
OPEB liability	\$399,381	\$378,974	\$359,064

Sensitivity of the OPEB liability to changes in the healthcare cost trend rates – The following presents the OPEB liability of the District, as well as what the District’s OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% higher than the assumed healthcare cost trend rates for all years and a healthcare cost trend rates that is 1% lower than the assumed healthcare cost trend rates for all years:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
OPEB liability	\$372,453	\$378,974	\$386,349

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

Since certain OPEB expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts increase the OPEB expense, they are labeled as deferred outflows and amounts that decrease the OPEB expense are labeled as deferred inflows. These outflows and inflows are amortized on a level dollar basis with no interest added for the deferred amounts. Deferred experience gains/losses and changes in assumptions are amortized over the average remaining service lives of all employees that are provided with benefits through the OPEB plan at the beginning of the measurement period. Investment gains/losses are amortized over a five-year period. The following shows the summary of the deferred outflows and inflows as of June 30, 2025.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$11,594	\$40,389
Changes in assumptions	55,024	66,172
Total	\$66,618	\$106,561

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS, continued

Year ended:	
2026	(\$4,808)
2027	(\$4,808)
2028	(\$4,808)
2029	(\$4,808)
2030	(\$4,808)
Thereafter	(15,903)

Other assumptions and methods used in valuation are as follows:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2025
Reporting Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal (level percent of salary)

NOTE 10. SUPPLEMENTAL PENSION BENEFIT

Supplemental Pension (Stipend) Benefit

Yorkville Joint #2 School District (the "District") will provide two individually negotiated employees with an annual stipend benefit equal to a percentage of the employees' salary, based on years of service, for a period of 3 years.

According to current GASB regulations, any such form of cash payments, whether it be a stipend, contributions to a TSA, severance payment or any other type of cash-related benefits (other than sick leave) are considered a pension and should be accounted for as such under GASB Statement 67 & 68, or 73. Since retirees receive a pension benefit from the Wisconsin Retirement System (WRS), these post-employment pension benefits (stipend and cash in lieu payments) are supplemental to the WRS benefit and therefore, we refer to them as a supplemental pension benefit.

Deferred Inflow and Outflow of Resources

The plan was adopted and created in this fiscal year, therefore no change in benefit terms was calculated.

District contributions subsequent to the measurement date will be recognized as a deferred outflow of resources and a reduction in the net pension liability.

District Pension Liability

Based upon the actuarial assumptions and projections described herein as determined by the census, benefit and premium data provided by the District, the pension liabilities measured as of June 30, 2025, are as follows:

NOTE 10. SUPPLEMENTAL PENSION BENEFIT, continued

Supplemental Pension Benefit Liability

	<u>Stipend</u>
Total pension liability (TPL)	\$22,546
Fiduciary Net Position (FNP)	<u> --</u>
Net pension liability (NPL)	<u>\$22,546</u>

Pay-As-You-Go

GASB requires all public entities to identify and include their post-employment liability in their financial statements. However, at this time GASB does not require any public entity to fund this liability.

Employees covered by benefit terms – At the measurement date, June 30, 2025, the following employees were covered by the benefit terms:

	<u>Stipend</u>
Inactive employees or beneficiaries currently receiving benefits	--
Inactive employees entitled to but not yet receiving benefits	--
Active employees or beneficiaries currently receiving benefits	--
Active employees entitled to but not yet receiving benefits	<u> 2</u>
Total	<u> 2</u>

Total Pension Liability

The District’s total pension liability of \$22,546, was measured as of June 30, 2025, and adjusted for current year activity. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs – The total pension liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

YORKVILLE JOINT #2 SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2025

NOTE 10. SUPPLEMENTAL PENSION BENEFIT, continued

Valuation date		June 30, 2023
Measurement date		June 30, 2025
Reporting date		June 30, 2025
Actuarial Cost Method		Entry Age Normal (level percent of salary)
Discount rate		4.81%
Municipal Bond Rate Source		Bond Buyer 20-Bond Go Index
Actuarial Assumptions		Based on an experience study conducted in 2021 using Wisconsin Retirement System (WRS) experience from 2018-20.
Mortality Assumptions		2020 WRS Experience Tables for Active Employees and Healthy Retirees projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010.
Assumed rate of inflation		2.50%

Changes in the Supplemental Pension Liability

	Supplemental Pension <u>Liability</u>
Balance at 6/30/2024	<u>\$18,817</u>
Changes for the year:	
Service Cost	4,238
Interest	881
Differences between expected and actual experience	(979)
Changes of assumptions	(411)
Benefit payments	<u>--</u>
Net changes	<u>3,729</u>
Balance at 6/30/2025	<u>\$22,546</u>

For the year ended June 30, 2025, the District recognized pension expense of \$5,307.

Sensitivity of the supplemental pension liability to changes in the discount rate – The following presents the pension liability of the District, as well as what the District’s pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.81 percent) or 1-percentage-point higher (5.81 percent) than the current rate:

NOTE 10. SUPPLEMENTAL PENSION BENEFIT, continued

	1 % Decrease (3.81%)	Discount Rate (4.81%)	1% Increase (5.81%)
Total pension Liability	\$23,241	\$22,546	\$21,871
Fiduciary Net Position	--	--	--
Net OPEB Liability	\$23,241	\$22,546	\$21,871

NOTE 11. LIMITATION ON SCHOOL DISTRICT REVENUES

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

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

NOTE 12. INSURANCE RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past 3 years.

NOTE 13. INTERGOVERNMENTAL FINANCIAL DEPENDENCY

The District depends on financial resources flowing from, or associated with, both the Federal Government and the State of Wisconsin. Because of the dependency, the District is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with US Treasury Securities because of actions by foreign government and other holders of publicly held US Treasury Securities.

During fiscal year ending June 30, 2025, the District received \$438,469 from the federal government and \$1,408,505 from Wisconsin, which are 5% and 15%, respectively, of total District revenues reported by the District for charges for services, operating grants and contributions, and general revenues. Funds flowing from the federal and state governments to the District are subject to changes to federal and state laws and appropriations. Based on the reported financial position of the federal and state government, including disclosures concerning fiscal sustainability, it is at least reasonably possible that events will occur in the near term that will significantly affect the flows of federal funds to the District.

NOTE 14. COMMITMENTS AND CONTINGENCIES

The District has contracted for bus transportation services through Dousman Transport Co., Inc. through the June 30, 2026 school year with a 2.5% increase each year.

The District has contracted for a \$12.1M remodeling project. To date, approximately \$9.5M has been completed. Outstanding commitments of approximately \$2.6M remain on the project.

The District has a contract with Taher for the 2025-2026 school year for food service management. Fixed meal prices increase 3.0% for 2025-2026.

NOTE 15. EFFECT OF NEW ACCOUNTING STANDARDS ON FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- GASB Stmt No. 103, Financial Reporting Model Improvements
- GASB Stmt No. 104, Disclosure of Certain Capital Assets

When they become effective, application of these standards may restate portions of these financial statements.

NOTE 16. RELATED PARTY

For the fiscal year ended June 30, 2025 the District rented farm land, at fair market value, to a business owned by a board member's relative. The amount of rent was \$6,935.

NOTE 17. DATE OF MANAGEMENT'S REVIEW

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 30, 2025, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

YORKVILLE JT. #2 SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Local Sources	\$ 4,231,586	\$ 4,231,586	\$ 4,128,744	\$ (102,842)
Interdistrict Sources	2,024,177	2,024,177	1,677,835	(346,342)
Intermediate Sources	10,400	10,400	6,902	(3,498)
State Sources	1,368,577	1,368,577	1,403,319	34,742
Federal Sources	178,028	178,028	190,180	12,152
Other Sources	3,440	3,440	7,409	3,969
TOTAL REVENUES	<u>7,816,208</u>	<u>7,816,208</u>	<u>7,414,389</u>	<u>(401,819)</u>
EXPENDITURES				
Instruction	4,302,529	4,302,529	4,040,152	262,377
Support Services	3,197,911	3,197,911	2,533,736	664,175
Nonprogram	315,768	315,768	327,425	(11,657)
TOTAL EXPENDITURES	<u>7,816,208</u>	<u>7,816,208</u>	<u>6,901,313</u>	<u>914,895</u>
Excess of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>513,076</u>	<u>513,076</u>
Fund Balances - Beginning of Year	<u>2,741,679</u>	<u>2,741,679</u>	<u>2,741,679</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 2,741,679</u>	<u>\$ 2,741,679</u>	<u>\$ 3,254,755</u>	<u>\$ 513,076</u>

See Notes to Required Supplementary Information

YORKVILLE JT. #2 SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
WISCONSIN RETIREMENT SYSTEM
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020
District's proportion of the net pension liability (asset)	0.01624161%	0.01628912%	0.01670830%	0.01641137%	0.01641556%
District's proportionate share of the net pension liability (asset)	\$266,876	\$242,187	\$885,156	(\$1,322,786)	(\$1,024,846)
District's Covered Employee Payroll	\$3,451,304	\$2,958,434	\$2,994,199	\$2,830,524	\$2,724,854
Net Pension Liability (Asset) as a percentage of covered-employee payroll	7.73%	8.19%	29.56%	-46.73%	-37.61%
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.79%	98.85%	95.72%	106.02%	105.26%

	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.01615030%	0.01593298%	0.01608773%	0.01616792%	0.01619699%
District's proportionate share of the net pension liability (asset)	(\$520,759)	\$566,845	(\$477,663)	\$133,262	\$263,198
District's Covered Employee Payroll	\$2,644,478	\$2,523,900	\$2,301,417	\$2,294,384	\$2,233,559
Net Pension Liability (Asset) as a percentage of covered-employee payroll	-19.69%	22.46%	-20.76%	5.81%	11.78%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.96%	96.45%	102.93%	99.12%	98.20%

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

* GASB pronouncements 67 and 68 require the presentation of the last 10 prior years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule

YORKVILLE JT. #2 SCHOOL DISTRICT
 SCHEDULE OF PROPORTIONATE SHARE OF CONTRIBUTIONS
 WISCONSIN RETIREMENT SYSTEM

*Last 10 fiscal years

	2024	2023	2022	2021	2019
Contractually required contributions	\$238,139	\$204,780	\$191,061	\$183,927	\$173,213
Contributions in relation to the contractually required contributions	(138,139)	(204,780)	(191,061)	(183,927)	(173,213)
Contribution Deficiency (excess)	100,000	-	-	-	-
District's covered employee payroll	\$3,451,304	\$2,958,434	\$2,994,199	\$2,724,854	\$2,724,854
Contributions as a percentage of covered employee payroll	6.90%	6.92%	6.38%	6.75%	6.36%

	2018	2017	2016	2015	2014
Contractually required contributions	\$169,101	\$156,496	\$151,429	\$151,882	\$153,981
Contributions in relation to the contractually required contributions	(169,101)	(156,496)	(151,429)	(151,882)	(153,981)
Contribution Deficiency (excess)	-	-	-	-	-
District's covered employee payroll	\$2,644,478	\$2,523,900	\$2,301,417	\$2,294,384	\$2,233,559
Contributions as a percentage of covered employee payroll	6.4%	6.2%	6.6%	6.6%	6.9%

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

* GASB Pronouncements 67 and 68 require the presentation of the last 10 prior fiscal years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule

YORKVILLE JT. #2 SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2025
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	\$ 29,881	\$ 25,100	\$ 26,308	\$ 27,539	\$ 22,754	\$ 24,576	\$ 25,517
Interest	15,351	13,583	10,519	7,406	7,899	12,146	11,630
Changes of Benefit Terms	-	-	-	11,129	-	-	-
Differences Between Expected and Actual Experience	3,840	7,769	1,744	(19,196)	-	(53,361)	-
Changes of Assumptions or Other Inputs	(12,205)	4,670	(12,860)	(49,694)	75,438	5,051	(19,810)
Benefit Payments	(15,191)	(1,732)	(10,394)	-	(9,965)	(28,925)	(94,419)
Net Change in Total OPEB Liability	21,676	49,390	15,317	(22,816)	96,126	(40,513)	(77,082)
Total OPEB Liability - Beginning	357,298	307,908	292,591	315,407	219,281	259,794	336,876
Total OPEB Liability - Ending	\$ 378,974	\$ 357,298	\$ 307,908	\$ 292,591	\$ 315,407	\$ 219,281	\$ 259,794
Covered-employee Payroll	\$ 2,747,430	\$ 2,747,430	\$ 2,263,723	\$ 2,263,723	\$ 2,162,303	\$ 2,162,303	\$ 2,260,210
Total OPEB Liability as a Percentage of Covered-employee Payroll	13.79%	13.00%	13.60%	12.93%	14.59%	10.14%	11.49%

Changes of assumptions Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

2024	4.81%
2023	4.21%
2022	4.25%
2021	3.50%
2020	2.25%
2019	3.50%
2018	3.75%

Notes to Schedule:

* GASB pronouncements 73 and 75 require the presentation of the last 10 prior years completed under these pronouncements. The fiscal years completed prior to the enactment of these pronouncements are not required to be presented in this schedule.

YORKVILLE JT. #2 SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S SUPPLEMENTAL
PENSION LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2025
Last 10 Fiscal Years*

	2024	2023	2022	2021
Total Supplemental Pension Liability				
Service Cost	\$ 4,238	\$ 3,629	\$ 3,613	\$ -
Interest	881	561	336	-
Changes of Benefit Terms	-	-	-	7,788
Differences Between Expected and Actual Experience	(979)	2,947	-	-
Changes of Assumptions or Other Inputs	(411)	284	(341)	-
Benefit Payments	-	-	-	-
Net Change in Total Supplemental Pension Liability	<u>3,729</u>	<u>7,421</u>	<u>3,608</u>	<u>7,788</u>
Total Supplemental Pension Liability - Beginning	18,817	11,396	7,788	-
Total Supplemental Pension Liability - Ending	<u>\$ 22,546</u>	<u>\$ 18,817</u>	<u>\$ 11,396</u>	<u>\$ 7,788</u>
Covered-employee Payroll	\$ 224,362	\$ 224,362	\$ 193,000	\$ 193,000
Total Supplemental Pension Liability as a Percentage of Covered-employee Payroll	10.05%	8.39%	5.90%	4.04%

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

2024	4.81%
2023	4.21%
2022	4.25%
2021	3.50%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

NOTE 1. BUDGETARY ACCOUNTING

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

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

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

NOTE 2. BUDGETARY PRESENTATION

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1 to the financial statements; however, the District adopts a budget for the special education fund which is reported with the general fund in accordance with generally accepted accounting principles. An explanation of the difference between revenues, expenditures, and other financing sources (uses) for budgetary fund basis and a GAAP general fund basis is summarized below:

YORKVILLE JOINT #2 SCHOOL DISTRICT
 NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
 JUNE 30, 2025

NOTE 2. BUDGETARY PRESENTATION, continued

	<u>Total Budgetary</u> <u>Amounts</u>	<u>Special Education</u> <u>Fund</u>	<u>GAAP</u> <u>Budgetary amounts</u>
Local sources	\$4,231,586	\$ --	\$4,231,586
Inter-district sources	2,024,177	82,325	1,941,852
Intermediate sources	10,400	10,400	--
State sources	1,368,577	285,374	1,083,203
Federal sources	178,028	104,968	73,060
Other	3,440	--	3,440
Total Revenues	\$7,816,208	\$483,067	\$7,333,141
Instruction	\$4,302,529	\$638,859	\$3,663,670
Support service	3,197,911	258,522	2,939,389
Non-program	315,768	116,855	198,913
Total expenditures	\$7,816,208	\$1,014,236	\$6,801,972
Operating transfers in	\$531,169	\$531,169	\$ --
Operating transfers out	(531,169)	--	(531,169)
Net other financing sources (uses)	\$ --	\$531,169	(\$531,169)

NOTE 3. WISCONSIN STATE RETIREMENT

The amounts presented in relation to the schedule of employer's proportionate share of the net pension asset and the schedule of employer contributions represents the specific data of the District. The information was derived using a combination of the employer's contribution data along with the stat provided by the Wisconsin Retirement System in relation to the District as a whole.

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

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

The District is required to present the last ten fiscal years data; however, the standards allow the District to present as many years as are available until ten fiscal years are presented.

NOTE 4. SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN

The District is required to present the last ten fiscal years data; however, the standards allow the District to present as many years as are available until ten fiscal years are presented.

Changes of benefit terms. There were no changes in benefit terms.

Changes of assumptions. There were no changes in the assumptions

NOTE 5. OPEB PLAN – HEALTH

The District is required to present the last ten fiscal years data; however, the standards allow the District to present as many years as are available until ten fiscal years are presented.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. There were no changes in the assumptions

OTHER SUPPLEMENTARY INFORMATION

YORKVILLE JT. #2 SCHOOL DISTRICT
 COMBINING BALANCE SHEET - DEBT SERVICE FUNDS
 June 30, 2025

	<u>Debt Service Fund 38</u>	<u>Debt Service Fund 39</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$ <u>43,070</u>	\$ <u>304,549</u>	\$ <u>347,619</u>
TOTAL ASSETS	\$ <u><u>43,070</u></u>	\$ <u><u>304,549</u></u>	\$ <u><u>347,619</u></u>
FUND BALANCES			
Restricted	\$ <u>43,070</u>	\$ <u>304,549</u>	\$ <u>347,619</u>
TOTAL FUND BALANCES	\$ <u><u>43,070</u></u>	\$ <u><u>304,549</u></u>	\$ <u><u>347,619</u></u>

YORKVILLE JT. #2 SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - DEBT SERVICE FUNDS
For the Year Ended June 30, 2025

	<u>Debt Service Fund 38</u>	<u>Debt Service Fund 39</u>	<u>Total Debt Service Funds</u>
REVENUES			
Local Sources	\$ <u>-</u>	\$ <u>901,254</u>	\$ <u>901,254</u>
TOTAL REVENUES	<u>-</u>	<u>901,254</u>	<u>901,254</u>
EXPENDITURES			
Support Service			
Debt Service	<u>80,022</u>	<u>908,950</u>	<u>988,972</u>
TOTAL EXPENDITURES	<u>80,022</u>	<u>908,950</u>	<u>988,972</u>
Excess of Revenues Over (Under) Expenditures	(80,022)	(7,696)	(87,718)
Fund Balances - Beginning of Year	<u>123,092</u>	<u>312,245</u>	<u>435,337</u>
Fund Balances - End of Year	<u><u>\$ 43,070</u></u>	<u><u>\$ 304,549</u></u>	<u><u>\$ 347,619</u></u>

YORKVILLE JT. #2 SCHOOL DISTRICT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2025

	<u>Special Revenue Trust Fund</u>	<u>Debt Service</u>	<u>Community Service</u>	<u>Total</u>
ASSETS				
Cash and Investments	\$ <u>40,291</u>	\$ <u>347,619</u>	\$ <u>47,131</u>	\$ <u>435,041</u>
TOTAL ASSETS	\$ <u><u>40,291</u></u>	\$ <u><u>347,619</u></u>	\$ <u><u>47,131</u></u>	\$ <u><u>435,041</u></u>
 FUND BALANCES				
Restricted	\$ 40,291	\$ 347,619	\$ -	\$ 387,910
Assigned	<u>-</u>	<u>-</u>	<u>47,131</u>	<u>47,131</u>
TOTAL FUND BALANCES	\$ <u><u>40,291</u></u>	\$ <u><u>347,619</u></u>	\$ <u><u>47,131</u></u>	\$ <u><u>435,041</u></u>

YORKVILLE JT. #2 SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	<u>Special Revenue Trust Fund</u>	<u>Debt Service</u>	<u>Community Service</u>	<u>Total Government Funds</u>
REVENUES				
Local Sources	\$ 37,055	\$ 901,254	\$ -	\$ 938,309
TOTAL REVENUES	<u>37,055</u>	<u>901,254</u>	<u>-</u>	<u>938,309</u>
EXPENDITURES				
Instruction				
Current	41,292	-	-	41,292
Support				
Debt Service		988,972		988,972
Community Service	-	-	623	623
TOTAL EXPENDITURES	<u>41,292</u>	<u>988,972</u>	<u>623</u>	<u>1,030,887</u>
Excess of Revenues Over (Under) Expenditures	(4,237)	(87,718)	(623)	(92,578)
Fund Balances - Beginning of Year	<u>44,528</u>	<u>435,337</u>	<u>47,754</u>	<u>527,619</u>
Fund Balances - End of Year	<u>\$ 40,291</u>	<u>\$ 347,619</u>	<u>\$ 47,131</u>	<u>\$ 435,041</u>

FEDERAL AND STATE AWARDS SECTION

YORKVILLE JT. #2 SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2025

Awarding Agency/ Pass-Through Agency Award Description	Federal Catalog Number	Grant Number	Program Or Award Amount	Accrued Receivable July 1, 2024	Expend- itures	Grantor Reimburse- ments	Accrued Receivable June 30, 2025
U.S. Dept. of Education Small School Rural Education Achievement Program July 1, 2024 to June 30, 2025	84.358	A368-00000- 516748	\$ 47,162	\$ -	\$ 47,162	\$ 47,162	\$ -
Wisconsin Department of Public Instruction Title I July 1, 2024 to June 30, 2025	84.010	A141-00000- 516748	\$ 30,391	-	30,391	-	30,391
Title IV July 1, 2023 to June 30, 2024 July 1, 2024 to June 30, 2025	84.424	A381-00000- 516748	\$ 10,000	10,000	-	10,000	-
<i>Special Education Cluster</i> IDEA Flow Through (EIS) July 1, 2023 to June 30, 2024 July 1, 2024 to June 30, 2025	84.027	A341-00000- 516748	\$ 93,128	92,013	-	92,013	-
IDEA Preschool July 1, 2024 to June 30, 2025	84.173	A347-00000- 516748	\$ 4,590	-	4,590	-	4,590
<i>Total Special Education Cluster</i>				92,013	97,718	92,013	97,718
Total U.S. Department of Education				\$ 102,013	\$ 185,271	\$ 149,175	\$ 138,109

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

YORKVILLE JT. #2 SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2025

Awarding Agency/ Pass-Through Agency Award Description	Federal Catalog Number	Grant Number	Program Or Award Amount	Accrued Receivable July 1, 2024	Expend- itures	Grantor Reimburse- ments	Accrued Receivable June 30, 2025
U.S. Dept. of Agriculture:							
Wis. Dept. of Public Instruction:							
<i>Child Nutrition Cluster</i>							
NATIONAL SCHOOL LUNCH	10.555	A547-00000-516748		\$ 1,966	\$ -	\$ 1,966	\$ -
July 1, 2023 to June 30, 2024				-	173,526	149,273	24,253
July 1, 2024 to June 30, 2025							
BREAKFAST	10.555	A546-00000-516748		-	26,501	23,739	2,762
July 1, 2024 to June 30, 2025							
FOOD DISTRIBUTION	10.555	A001-00000-516748		-	48,262	48,262	-
July 1, 2024 to June 30, 2025				1,966	248,289	223,240	27,015
<i>Total Child Nutrition Cluster</i>							
Total U.S. Dept. of Agriculture				1,966	248,289	223,240	27,015
U.S. Dept. of Health and Human Services							
Passed through WI Department of Health Services							
MEDICAL ASSISTANCE PROGRAM (SBS)	93.778			-	4,909	4,909	-
July 1, 2024 to June 30, 2025							
Total U.S. Dept. of Health and Human Services				-	4,909	4,909	-
Total Federal Assistance				\$ 103,979	\$ 438,469	\$ 377,324	\$ 165,124

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

YORKVILLE JT. #2 SCHOOL DISTRICT
 SCHEDULE OF STATE FINANCIAL ASSISTANCE
 For the Year Ended June 30, 2025

Awarding Agency/ Pass-through Agency Award Description	State I.D. Number	State Pass-Through ID Number	Accrued Receivable July 1, 2024	State Reimbursements	Expenditures	Accrued Receivable June 30, 2025
<u>WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION</u>						
<u>Entitlement Programs</u>						
<u>Major State Programs</u>						
Special Education & School Age Parents	255.101	516748-100	\$ -	\$ 203,769	\$ 203,769	\$ -
Equalization aid	255.201	516748-116	-	1,740,359	1,740,359	-
TOTAL MAJOR PROGRAMS			-	1,944,128	1,944,128	-
<u>Nonmajor State Programs</u>						
Common School Fund	255.103	516748-104	-	20,649	20,649	-
Pupil Transportation	255.107	516748-102	-	13,371	13,371	-
State School Lunch Aid Match	255.102	516748-107	-	5,186	5,186	-
General Equalization Aid Adjustment	255.203	516748-118	-	261,486	261,486	-
School Based Mental Health Services Grant	255.297	516748-177	-	9,940	9,940	-
Per Pupil Adjustment Aid	255.945	516748-113	-	235,956	235,956	-
High Cost Transportation Aid	255.947	516748-114	-	45,854	45,854	-
Assessments of Reading Readiness	255.956	516748-166	-	299	299	-
Exempt Computer Aid			22,793	237,832	237,832	22,793
TOTAL NONMAJOR PROGRAMS			22,793	830,573	830,573	22,793
TOTAL DEPARTMENT OF PUBLIC INSTRUCTION			\$ 22,793	\$ 2,774,701	\$ 2,774,701	\$ 22,793

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

YORKVILLE JOINT #2 SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2025

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of the Yorkville Joint #2 School District and are presented on the modified accrual basis of accounting. 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 of Federal Awards* (Uniform Guidance), and state Single Audit Guidelines. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the modified accrual basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniform Guidance and, as applicable, the cost principles contained in the Wisconsin State Single Audit Guideline, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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



Chamberlain | Otte

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

Independent Auditor's Report

To the Board of Education
Yorkville Joint #2 School District

We have audited, 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, and by the Wisconsin Department of Public Instruction in the Wisconsin School District Audit Manual, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Yorkville Joint #2 School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Yorkville Joint #2 School District's basic financial statements, and have issued our report thereon dated December 30, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yorkville Joint #2 School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Yorkville Joint #2 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Yorkville Joint #2 School District's internal control.

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

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

deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, and 2025-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yorkville Joint #2 School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002.

Yorkville Joint #2 School District's Response to Findings

Yorkville Joint #2 School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Yorkville Joint #2 School 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.

Chamberlain | Otte, CPAs, LLP

Chamberlain | Otte, CPAs, LLP
Lake Geneva, Wisconsin

December 30, 2025



Chamberlain | Otte

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION

To the Board of Education
Yorkville Joint #2 School District
Union Grove, Wisconsin

Opinion on Each Major State Program

We have audited Yorkville Joint #2 School District (District)'s compliance with the types of compliance requirements described in the *Wisconsin Public School District Audit Manual*, issued by the Wisconsin Department of Public Instruction, that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2025. The District's major state programs are identified in the accompanying schedule of findings and responses.

In our opinion, the District complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements of the Wisconsin Department of Public Instruction in the *Wisconsin Public School District Audit Manual*. Our responsibilities under those standards and are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Wisconsin Public School District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Wisconsin Public School District Audit Manual*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses

or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and responses as items 2025-001 and 2025-002 to be a significant deficiency.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of testing based on requirements of the *Wisconsin Public School District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Chamberlain | Otte, CPAs, LLP

CHAMBERLAIN | OTTE, CPAs, LLP
Lake Geneva, Wisconsin
December 30, 2025

YORKVILLE JT. #2 SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2025

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weakness identified _____ yes X no
 Significant deficiency(ies) identified that are not
 considered to be material weakness(es) X yes _____ none reported

Noncompliance material to the financial statements? _____ yes X no

State Awards

Internal control over financial reporting:
 Material weakness identified? _____ yes X no
 Significant deficiency(ies) identified that are not
 considered to be material weakness(es) X yes _____ none reported

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

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

Identification of major state programs:

<u>State ID Number</u>	<u>Name of State Program</u>
255.101	Special Education and School Age Parents
255.201	General Equalization Aid

Section II - Financial Statement Findings

2025-001 **Condition** - The District does not maintain proper segregation of duties.

Criteria - Duties should be spread amongst the staff to ensure that no one staff person has control over an entire portion of an accounting process.

Cause - The size of the District does not make it feasible to hire sufficient staff required for proper segregation of duties.

Effect - The lack of segregation of duties could result in the override of management controls.

Recommendations - The District's management and board should exercise sufficient control and oversight to ensure the controls that have been implemented have been properly followed.

Views of Responsible Officials - The District will segregate the duties as much as possible and maintain sufficient management oversight.

2025-002 **Condition** - The District has the audit firm prepare the financial statements.

Criteria - Staff should be sufficiently knowledgeable to prepare the financial statements and related footnotes.

Cause - The size of the District does not make it feasible to hire sufficient staff required for the preparation of the financial statements.

Effect - The audit firm's preparation of the financial statements removes a level of oversight on the part of the District.

Recommendations - The District's staff should obtain sufficient training to become knowledgeable in the preparation of the financial statements.

Views of Responsible Officials - The District will seek additional training to better understand the financial statement concepts.

2025-003 **Condition** - Other than the computer software instruction manual, the District has little written documentation covering these areas.

Criteria - The District should have all of its major processes and procedures contained in written documents in enough detail that another person could come in and fulfill the requirements of a particular process by following the explanations.

Cause - Due to its size, the District has not placed a priority on completing the documentation.

Effect - Without documentation of major processes and procedures, another person cannot come in and fulfill the requirements of a particular process.

Recommendations - District should begin documenting its major processes and procedures.

Views of Responsible Officials - Management is in agreement with the recommendation and will evaluate and determine the most appropriate method to address these items.

Section III - Federal and State Award Findings

2025-001 **Condition** - The District does not maintain proper segregation of duties.

Criteria - Duties should be spread amongst the staff to ensure that no one staff person has control over an entire portion of an accounting process.

Cause - The size of the District does not make it feasible to hire sufficient staff required for proper segregation of duties.

Effect - The lack of segregation of duties could result in the override of management controls.

Recommendations - The District's management and board should exercise sufficient control and oversight to ensure the controls that have been implemented have been properly followed.

Views of Responsible Officials - The District will segregate the duties as much as possible and maintain sufficient management oversight.

YORKVILLE JT. #2 SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2025

Section II - Financial Statement Findings

2024-001 **Condition** - The District does not maintain proper segregation of duties.

Recommendations - The District's management and board should exercise sufficient control and oversight to ensure the controls that have been implemented have been properly followed.

Current year status - District continues to segregate duties as much as possible and attempt to provide sufficient oversight to ensure controls are working properly. This continues to be a finding at 2025-001.

2024-002 **Condition** - The District has the audit firm prepare the financial statements.

Recommendations - The District's staff should obtain sufficient training to become knowledgeable in the preparation of the financial statements.

Current year status - District still does not prepare financial statements, and District staff is continuing to train and be better educated about the financial statements. This continues to be a finding at 2025-002.

2024-003 **Condition** - Other than the computer software instruction manual, the District has little written documentation covering these areas.

Recommendations - District should begin documenting its major processes and procedures.

Current year status - District will work on documenting processes and procedures. This continues to be a finding at 2025-001.