

School District of Fall Creek

Financial Statements and
Supplementary Financial Information

Year Ended June 30, 2022



WIPFLI

School District of Fall Creek

Financial Statements and Supplementary Financial Information

Year Ended June 30, 2022

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Independent Auditor's Report

Board of Education
School District of Fall Creek
Fall Creek, WI

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Fall Creek (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District of Fall Creek as of June 30, 2022, and 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 of America. 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 School District of Fall Creek 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 unmodified audit opinions.

Emphasis of Matter

Change in Accounting Principle

We draw attention to Note 1 of the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), 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 School District of Fall Creek'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 Responsibility 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of School District of Fall Creek'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 School District of Fall Creek'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 require that the budgetary comparison schedule - General Fund, schedules of the employer's proportionate share of the net pension liability (asset) and employer contributions - Wisconsin Retirement System, schedule of changes in the employer's net pension liability (asset) and related ratios - District pension plan, schedule of employer contributions - District pension plan, schedule of investment returns - District pension plan, schedule of changes in the employer's net OPEB liability and related ratios - District OPEB plan, schedule of employer contributions - District OPEB plan, and schedule of investment returns - District OPEB plan on pages 54 through 73 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of School District of Fall Creek's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Eau Claire, Wisconsin
December 6, 2022

Government-Wide Financial Statements

School District of Fall Creek

Statement of Net Position

June 30, 2022

| <i>Assets and Deferred Outflows of Resources</i> | Governmental Activities |
|--|------------------------------------|
| Current assets: | |
| Cash and investments | \$ 3,415,574 |
| Receivables: | |
| Taxes | 1,101,462 |
| Accounts | 11,756 |
| Due from other governments | 118,491 |
| Total current assets | 4,647,283 |
| Noncurrent assets: | |
| Restricted net pension asset - WRS | 2,402,457 |
| Restricted net OPEB asset - District OPEB plan | 90,128 |
| Lease | |
| Right of use asset | 109,969 |
| Less - lease amortization | (27,492) |
| Total lease right of use asset, net of amortization | 82,477 |
| Capital assets: | |
| Land | 297,500 |
| Land improvements | 663,259 |
| Buildings and building improvements | 24,611,792 |
| Furniture and equipment | 3,651,057 |
| Less - Accumulated depreciation | (10,294,378) |
| Total capital assets, net of accumulated depreciation | 18,929,230 |
| Total noncurrent assets | 21,504,292 |
| Total assets | 26,151,575 |
| Deferred outflows of resources: | |
| Related to pensions - District pension plan | 26,913 |
| Related to OPEB - District OPEB plan | 89,648 |
| Related to pensions - WRS | 4,540,731 |
| Total deferred outflows of resources | 4,657,292 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 30,808,867 |

School District of Fall Creek

Statement of Net Position (Continued)

June 30, 2022

| <i>Liabilities, Deferred Inflows of Resources, and Net Position</i> | Governmental Activities |
|---|------------------------------------|
| Liabilities: | |
| Current liabilities: | |
| Accounts payable | \$ 8,508 |
| Accrued liabilities: | |
| Payroll, payroll taxes, insurance | 339,099 |
| Interest | 124,115 |
| Due to other governments | 4,159 |
| Current portion of long-term obligations | 833,639 |
| Total current liabilities | 1,309,520 |
| Noncurrent liabilities: | |
| Bonds payable | 9,925,716 |
| Notes payable | 575,000 |
| Lease obligations | 44,369 |
| Net pension liability - District pension plan | 142,206 |
| Compensated absences | 189,265 |
| Total noncurrent liabilities | 10,876,556 |
| Total liabilities | 12,186,076 |
| Deferred inflows of resources: | |
| Deferred amount on refunding | 62,500 |
| Related to pensions - District pension plan | 6,277 |
| Related to OPEB - District OPEB plan | 75,161 |
| Related to pensions - WRS | 5,655,234 |
| Total deferred inflows of resources | 5,799,172 |
| Net position: | |
| Net investment in capital assets | 7,566,013 |
| Restricted for: | |
| Pension and OPEB benefits | 2,492,585 |
| Debt service | 146,363 |
| Capital projects | 2,164,536 |
| Food service | 112,182 |
| Community Service Fund | 17,378 |
| Donations | 127,820 |
| Unspent common school fund revenues | 465 |
| Unrestricted | 196,277 |
| Total net position | 12,823,619 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | \$ 30,808,867 |

See accompanying notes to financial statements.

School District of Fall Creek

Statement of Activities

Year Ended June 30, 2022

| <i>Functions/Programs</i> | Expenses | Program Revenues | | Net (Expense) |
|--|---------------|-------------------------|--|----------------------------|
| | | Charges for Services | Operating Grants and Contributions | Revenue and |
| | | | | Changes in Net Position |
| | | | | Total |
| | | | | Governmental |
| | | | | Activities |
| Governmental activities: | | | | |
| Instruction: | | | | |
| Regular instruction | \$ 4,907,008 | \$ 1,418,729 | \$ 504,052 | \$ (2,984,227) |
| Vocational instruction | 378,218 | - | 16,251 | (361,967) |
| Special education instruction | 782,565 | 13,209 | 373,102 | (396,254) |
| Other instruction | 591,122 | 41,958 | - | (549,164) |
| <hr/> | | | | |
| Total instruction | 6,658,913 | 1,473,896 | 893,405 | (4,291,612) |
| <hr/> | | | | |
| Support services: | | | | |
| Pupil services | 298,081 | - | 4,047 | (294,034) |
| Instructional staff services | 364,206 | - | 49,813 | (314,393) |
| General administration services | 295,352 | - | - | (295,352) |
| Building administration services | 388,223 | - | - | (388,223) |
| Business services | 167,441 | - | - | (167,441) |
| Operations and maintenance | 947,423 | - | - | (947,423) |
| Pupil transportation services | 392,868 | - | 21,187 | (371,681) |
| Food service | 552,796 | 53,003 | 622,049 | 122,256 |
| Central services | 95,362 | - | - | (95,362) |
| Insurance | 96,337 | - | - | (96,337) |
| Community services | - | 2,899 | - | 2,899 |
| Interest on debt | 410,871 | - | - | (410,871) |
| Other support services | 333,311 | - | - | (333,311) |
| Unallocated depreciation, excluding direct | 695,121 | - | - | (695,121) |
| <hr/> | | | | |
| Total support services | 5,037,392 | 55,902 | 697,096 | (4,284,394) |
| <hr/> | | | | |
| Total governmental activities (carried forward) | \$ 11,696,305 | \$ 1,529,798 | \$ 1,590,501 | \$ (8,576,006) |

School District of Fall Creek

Statement of Activities (Continued)

Year Ended June 30, 2022

| <i>Functions/Programs</i> | Expenses | Program Revenues | | Net (Expense) |
|--|----------|-------------------------|--|-------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Revenue and Changes in |
| | | | | Net Position |
| | | | | Total Governmental Activities |
| Total governmental activities (brought forward) | | | | \$ (8,576,006) |
| General revenues: | | | | |
| Property taxes: | | | | |
| General purposes | | | | 2,025,533 |
| Debt service | | | | 2,085,445 |
| Community services | | | | 2,000 |
| State and federal aids not restricted to specific functions: | | | | |
| General | | | | 6,566,201 |
| Other | | | | 1,591 |
| Interest and investment earnings | | | | 6,697 |
| Miscellaneous | | | | 134,681 |
| Total general revenues | | | | 10,822,148 |
| Change in net position | | | | 2,246,142 |
| Net position - Beginning of year | | | | 10,577,477 |
| Net position - End of year | | | | \$ 12,823,619 |

See accompanying notes to financial statements.

Fund Financial Statements

School District of Fall Creek

Governmental Funds - Balance Sheet

June 30, 2022

| <i>Assets</i> | General Fund | Debt Service Fund | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------------|-----------------------------|--------------------------------|--------------------------------|
| Cash and investments | \$ 1,187,729 | \$ 270,478 | \$ 1,694,584 | \$ 262,783 | \$ 3,415,574 |
| Receivables: | | | | | |
| Taxes | 1,101,462 | - | - | - | 1,101,462 |
| Accounts | 7,950 | - | - | - | 7,950 |
| Due from other funds | - | - | 469,952 | 3,806 | 473,758 |
| Due from other governments | 118,491 | - | - | - | 118,491 |
| TOTAL ASSETS | \$ 2,415,632 | \$ 270,478 | \$ 2,164,536 | \$ 266,589 | \$ 5,117,235 |
| <i>Liabilities and Fund Balances</i> | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 1,200 | \$ - | \$ - | \$ - | 1,200 |
| Accrued liabilities: | | | | | |
| Payroll, payroll taxes, insurance | 329,890 | - | - | 9,209 | 339,099 |
| Due to other governments | 4,159 | - | - | - | 4,159 |
| Due to other funds | 477,261 | - | - | - | 477,261 |
| Total liabilities | 812,510 | - | - | 9,209 | 821,719 |
| Fund balances: | | | | | |
| Restricted: | | | | | |
| Debt service | - | 270,478 | - | - | 270,478 |
| Capital projects | - | - | 2,164,536 | - | 2,164,536 |
| Food service | - | - | - | 112,182 | 112,182 |
| Community Service | - | - | - | 17,378 | 17,378 |
| Donations | - | - | - | 127,820 | 127,820 |
| Unspent common school fund revenues | 465 | - | - | - | 465 |
| Unassigned | 1,602,657 | - | - | - | 1,602,657 |
| Total fund balances | 1,603,122 | 270,478 | 2,164,536 | 257,380 | 4,295,516 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 2,415,632 | \$ 270,478 | \$ 2,164,536 | \$ 266,589 | \$ 5,117,235 |

School District of Fall Creek

Governmental Funds - Balance Sheet (Continued)

June 30, 2022

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

| | | |
|--|----|-----------|
| Total fund balances - Governmental funds (previous page) | \$ | 4,295,516 |
|--|----|-----------|

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

| | | | |
|---------------------------------------|----|--------------|------------|
| Governmental Lease assets | \$ | 109,969 | |
| Governmental accumulated amortization | | (27,492) | |
| Governmental capital assets | | 29,223,608 | |
| Governmental accumulated depreciation | | (10,294,378) | 19,011,707 |

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

| | | | |
|--|--|-------------|-----------|
| Net pension liability - District pension plan | | (142,206) | |
| Net OPEB asset - District OPEB plan | | 90,128 | |
| Net pension asset - WRS | | 2,402,457 | |
| Deferred inflows of resources related to pensions - District pension plans | | (6,277) | |
| Deferred inflows of resources related to pensions - WRS | | (5,655,234) | |
| Deferred inflows of resources related to OPEB - District OPEB plan | | (75,161) | |
| Deferred outflows of resources related to pensions - District pension plan | | 26,913 | |
| Deferred outflows of resources related to OPEB - District OPEB plan | | 89,648 | |
| Deferred outflows of resources related to pension - WRS | | 4,540,731 | 1,270,999 |

Long-term liabilities, including bonds and notes payable, are not due in the current year and therefore are not reported in the fund statements. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Balances reported in the statement of net position that are not reported in the funds balance sheet are:

| | | | |
|---|--|--------------|--------------|
| General obligation debt | | (11,183,639) | |
| Premium on bond issuance | | (150,716) | |
| Lease obligations | | (44,369) | |
| Deferred amount on refunding | | (62,500) | |
| Compensated absences | | (189,265) | |
| Accrued interest on general obligation debt | | (124,114) | (11,754,603) |

| | | |
|--|----|------------|
| Net position - Governmental activities | \$ | 12,823,619 |
|--|----|------------|

See accompanying notes to financial statements.

School District of Fall Creek

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

Year Ended June 30, 2022

| | General Fund | Debt Service Fund | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|----------------------------------|---------------------|-------------------------|--------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Local | \$ 2,115,750 | \$ 2,086,481 | \$ 3,554 | \$ 264,631 | \$ 4,470,416 |
| Interdistrict | 1,425,053 | - | - | - | 1,425,053 |
| Intermediate | 39,088 | - | - | - | 39,088 |
| State | 6,832,958 | - | - | 19,469 | 6,852,427 |
| Federal | 510,023 | - | - | 602,581 | 1,112,604 |
| Other | 42,860 | - | - | - | 42,860 |
| Total revenues | 10,965,732 | 2,086,481 | 3,554 | 886,681 | 13,942,448 |
| Expenditures: | | | | | |
| Instruction: | | | | | |
| Regular instruction | 4,918,103 | - | 72,696 | 117,512 | 5,108,311 |
| Vocational instruction | 402,752 | - | - | - | 402,752 |
| Special instruction | 837,563 | - | - | - | 837,563 |
| Other instruction | 587,267 | - | 94,475 | 74,408 | 756,150 |
| Total instruction | 6,745,685 | - | 167,171 | 191,920 | 7,104,776 |
| Support services: | | | | | |
| Pupil services | 317,689 | - | - | - | 317,689 |
| Instructional staff services | 394,146 | - | - | - | 394,146 |
| General administration services | 312,800 | - | - | - | 312,800 |
| Building administration services | 416,889 | - | - | - | 416,889 |
| Business services | 172,512 | - | - | - | 172,512 |
| Operations and maintenance | 984,876 | - | 83,369 | - | 1,068,245 |
| Pupil transportation | 498,192 | - | - | - | 498,192 |
| Food services | - | - | - | 562,870 | 562,870 |
| Central services | 86,199 | - | - | - | 86,199 |
| Insurance | 96,338 | - | - | - | 96,338 |
| Debt services: | | | | | |
| Principal | 31,961 | 1,640,000 | - | - | 1,671,961 |
| Interest | 6,030 | 449,421 | - | - | 455,451 |
| Bond issuance costs | - | 14,985 | - | - | 14,985 |
| Other support services | 355,369 | - | - | - | 355,369 |
| Total support services | 3,673,001 | 2,104,406 | 83,369 | 562,870 | 6,423,646 |
| Total expenditures | \$10,418,686 | \$ 2,104,406 | \$ 250,540 | \$ 754,790 | \$ 13,528,422 |

School District of Fall Creek
Governmental Funds - Statement of Revenues, Expenditures,
and Changes in Fund Balances (Continued)

Year Ended June 30, 2022

| | General Fund | Debt Service Fund | Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|---|-----------------|-------------------------|--------------------------|--------------------------------|--------------------------------|
| Excess (deficiency) of revenues over expenditures | \$ 547,046 | \$ (17,925) | \$ (246,986) | \$ 131,891 | \$ 414,026 |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | 469,952 | - | 469,952 |
| Transfers out | (469,952) | - | - | - | (469,952) |
| Net other financing sources (uses) | (469,952) | - | 469,952 | - | - |
| Net change in fund balances | 77,094 | (17,925) | 222,966 | 131,891 | 414,026 |
| Fund balances - Beginning of year | 1,526,028 | 288,403 | 1,941,570 | 125,489 | 3,881,490 |
| Fund balances - End of year | \$ 1,603,122 | \$ 270,478 | \$ 2,164,536 | \$ 257,380 | \$ 4,295,516 |

See accompanying notes to financial statements.

School District of Fall Creek
Governmental Funds - Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2022

Total net change in fund balances - Governmental funds \$ 414,026

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

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

| | | |
|---|----|-----------|
| Capital and lease outlays reported in governmental fund statements | \$ | 481,177 |
| Depreciation and amortization expense reported in statement of activities | | (871,428) |

| | | |
|---|--|-----------|
| Amount by which capital and lease outlay are less than depreciation in the current period | | (390,251) |
|---|--|-----------|

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

| | | |
|--|--|-------------|
| Change in net OPEB liability - District OPEB plan | | 793 |
| Change in net pension liability - District pension plan | | (978) |
| Change in net pension asset - WRS | | 546,598 |
| Change in deferred outflows of resources related to pensions - WRS | | 1,597,438 |
| Change in deferred outflows of resources related to pensions - District pension plan | | (32,663) |
| Change in deferred outflows of resources related to OPEB - District OPEB plan | | (11,335) |
| Change in deferred inflows of resources related to pensions - WRS | | (1,591,520) |
| Change in deferred inflows of resources related to pensions - District pension plan | | 1,582 |
| Change in deferred inflows of resources related to OPEB - District OPEB plan | | 5,800 |

| | | |
|--|--|---------|
| Amounts paid are greater than amounts earned | | 515,715 |
|--|--|---------|

Unpaid compensated absences are a liability of the governmental funds only if the employee has resigned or retired.

| | | |
|--|--|----------|
| Amount by which the liability for sick pay changed in the current year | | (24,875) |
|--|--|----------|

School District of Fall Creek
Governmental Funds - Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities (Continued)
Year Ended June 30, 2022

Total net change in fund balances - Governmental funds (Continued)

Repayment of principal on long-term debt and lease liabilities are 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 and lease liability principal payments in the current year | \$ 1,671,962 |
|---|--------------|

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

| | |
|--|------------|
| The amount of interest paid during the current period | \$ 449,421 |
| The amount of interest accrued during the current period | (421,947) |

| | |
|---|--------|
| Interest paid is greater than interest accrued by | 27,474 |
|---|--------|

Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

| | |
|--|--------|
| The net effect of these differences in the current year is | 32,092 |
|--|--------|

| | |
|---|---------------------|
| Change in net position - Governmental activities | \$ 2,246,143 |
|---|---------------------|

See accompanying notes to financial statements.

School District of Fall Creek
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2022

| | Other Employee Benefit Trust Funds | Custodial Funds |
|---|--|--------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 260,941 | \$ 4,729 |
| Due from other funds | 7,310 | - |
| TOTAL ASSETS | \$ 268,251 | \$ 4,729 |
| Liabilities: | | |
| Deposits | \$ 7,310 | \$ - |
| Due to other funds | 3,806 | - |
| TOTAL LIABILITIES | 11,116 | - |
| Net position: | | |
| Restricted for: | | |
| Postemployment benefits other than pensions | 257,135 | - |
| Restricted for parent organizations | - | 4,729 |
| TOTAL NET POSITION | 257,135 | 4,729 |
| TOTAL LIABILITIES AND NET POSITION | \$ 268,251 | \$ 4,729 |

See accompanying notes to financial statements.

School District of Fall Creek
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year Ended June 30, 2022

| | Other Employee Benefit Trust Funds | Custodial Funds |
|--|--|--------------------|
| Additions: | | |
| Employers | \$ 8,812 | \$ - |
| Total contributions | 8,812 | - |
| Investment income | 5,753 | 2 |
| Total additions | 14,565 | 2 |
| Deductions: | | |
| Pension benefits paid to participants or beneficiaries | 182,476 | - |
| Medical, dental, and life insurance for retirees | 39,267 | - |
| Total deductions | 221,743 | - |
| Net increase (decrease) in fiduciary net position | (207,178) | 2 |
| Net position - Beginning of year | 464,313 | 4,727 |
| Net position - End of year | \$ 257,135 | \$ 4,729 |

See accompanying notes to financial statements.

School District of Fall Creek

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Introduction

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

Reporting Entity

The School District of Fall Creek is organized as a common school district. The District, governed by a five-member elected school board, operates grades 4K through 12 and is comprised of all or part of seven taxing districts.

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

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

School District of Fall Creek

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The fiduciary funds are only reported in the statements of fiduciary net position at the fund financial statement level.

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

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

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

Fund Financial Statements

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

School District of Fall Creek

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

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

The District reports the following nonmajor governmental funds:

- Community Service Fund - This fund is used to account for programs provided to the community as a whole.
- Donations and Student Activities Fund - Used to account for gifts and donations that have been restricted by private parties for specific purposes and student activities.
- Food Service Fund - Used to account for financial resources that are restricted to expenditure in the District's breakfast and lunch program.

The District accounts for assets held as an agent for various parent organizations in a custodial fund and resources legally held in trust for the District's pension and other postemployment benefits in an employee benefit trust fund.

Measurement Focus and Basis of Accounting

The government-wide and fiduciary 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. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

School District of Fall Creek

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

Use of Estimates

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

Deposits and Investments

The District's cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less and shares in the local government investment pool.

The Debt Service and Capital Projects Funds account for their transactions through separate and distinct bank and investment accounts as required by state statutes. In addition, the Trust and Custodial Funds use separate and distinct accounts. All other funds share in common bank and investment accounts.

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

School District of Fall Creek

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deposits and Investments (Continued)

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.

Funds held in the Employee Benefit Trust Fund to provide for pension and other postemployment benefits may be invested in any kind of property or type of investment consistent with the prudent investor rule set forth in WI Stat. 881.01. This rule requires the trustee of an Employee Benefit Trust Fund to exercise reasonable care, skill, and caution when investing and managing the assets of the trust.

All investments are stated at fair market value except for the investment in the local government investment pool and the AUL contract, which are valued at amortized cost.

Fair Value Measurements

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

Receivables and Payables

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

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

Prepaid Items

Prepaid items represent payments made by the District for which benefits extend beyond June 30.

School District of Fall Creek

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

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

Capital assets are recorded in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared no longer needed for public school purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings and 5 to 15 years for furniture and equipment.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized.

Capital assets not being depreciated include land and construction in progress.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

GASB 87 Lease Accounting

The District is a lessee in one noncancelable lease. If the contract provides the District the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred. The ROU assets for the leases are amortized on a straight-line basis over the life of the related lease.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the District's incremental borrowing rate, which is based on the information available at the commencement date for all leases. The District's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

School District of Fall Creek

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The District reports deferred outflows of resources related to pensions for its proportionate shares of collective deferred outflows of resources related to pensions and District contributions to pension plans subsequent to the measurement date of the collective net pension liability (asset). In addition, the District reports a deferred outflow of resources related to the District's pension plan and the District's OPEB plan for the differences between expected and actual experience, changes of assumptions, and the net difference between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The District reports deferred inflows of resources for its proportionate share of the collective deferred inflows of resources related to pensions. The District reports a deferred inflow of resources related to the District's pension plan for changes in assumptions. The District reports a deferred inflow of resources related to the District OPEB plan for changes in assumptions and the net difference between projected and actual earnings on OPEB plan investments. The district reports deferred amount on refunding represents the difference between the carrying value of refunded debt and its reacquisition price.

School District of Fall Creek

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accumulated Sick Pay and Other Employee Benefit Amounts

The District's policy allows employees to earn varying amounts of sick pay for each year employed. Teachers who have five years of employment with the District receive \$30 per day of unused sick leave for up to 110 days. Support staff who do not elect an early retirement benefit and have ten years of employment with the District receive \$30 per day of unused sick leave for up to 100 days. Administrators receive \$100 per day of unused sick leave for up to a 75 days. Consistent with the compensated absences reporting standards of GASB Statement No. 16, *Accounting for Compensated Absences*, an accrual for accumulated sick pay is included in the compensated absences liability at year-end.

Postemployment Benefits - As provided in applicable negotiated contracts and employee handbooks, certified District employees meeting a minimum age and length of service requirement may participate in the District's group health insurance and stipend program.

District Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from District fiduciary net position have been determined on the same basis as they are reported by the District. For this purpose, the District recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at amortized cost.

District Pension Plans

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), the District defined benefit pension plan and additions to/deductions from the WRS' fiduciary net position, and the District defined benefit pension plan's fiduciary net position have been determined on the same basis as they are reported by the WRS and the District defined benefit pension plan. 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.

Restricted Assets

Restricted assets are cash, cash equivalents, investments, the net OPEB asset, and the net pension asset whose use is limited by legal requirements such as a bond indenture or asset in irrevocable trust.

School District of Fall Creek

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

For government-wide reporting, net position is reported in three categories.

Net investment in capital assets: This category consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build, acquire, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the construction, acquisition, or improvement of those assets or the related debt are also included in this category. Unspent portions of capital-related debt proceeds are not included in this category.

Restricted: This category consists of noncapital assets whose use is restricted, reduced by liabilities and deferred inflows of resources related to those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This category consists of the remaining net position that does not meet the definition of the two preceding categories.

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

Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form - prepaid items or inventories or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education - the District's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

School District of Fall Creek

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources - committed, assigned, and unassigned - in order as needed.

Property Tax Levy

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

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

Property taxes are recognized as revenue in the period for which the taxes are levied. The 2021 tax levy is used to finance operations of the District's fiscal year ended June 30, 2022. All property taxes are considered due on January 1 when an enforceable lien is assessed against the property and the taxpayer is liable for the taxes. All taxes are collected within 60 days of June 30 and are available to pay current liabilities.

Subsequent Events

Subsequent events have been evaluated through December 6, 2022, which is the date the financial statements were available to be issued.

School District of Fall Creek

Notes to Financial Statements

Note 2: New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. The statement enhances the relevance and consistency of reporting for the District's leasing activities by establishing requirements for lease accounting based on the principle that leases are financings of underlying right-to-use assets. A lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. The District adopted this guidance retroactively for the year ended June 30, 2022. The adoption of this guidance did not affect beginning net position for the year ended June 30, 2021 and, accordingly, restatement of beginning net position was not necessary.

Note 3: Stewardship and Accountability

Limitation on School District Revenues

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

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

School District of Fall Creek

Notes to Financial Statements

Note 4: Cash and Investments

Deposits

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2022, the District's bank balance of \$3,691,872 was not exposed to custodial credit risk.

Investments

Interest Rate Risk: The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State Statute limits the maturity of commercial paper and corporate bonds to not more than seven years.

Credit Risk: State Statute limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. Ratings are not required, or available, for the Wisconsin Local Government Investment Pool (LGIP). The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: For an investment, concentration of credit risk is the risk of loss that may be caused by the District's investment in a single issuer. The District does not have an investment policy for concentration of credit risk. More than 5% of the District's investments are in annuity contracts with American United Life Insurance Company. This investment is 93.61% of the District's total investments. The investments with American United Life Insurance Company also represent 100.0% of the total investments reported in the Employee Benefit Trust Fund.

School District of Fall Creek

Notes to Financial Statements

Note 4: Cash and Investments (Continued)

The District's cash and investment balances at June 30, 2022, were as follows:

| | Maturities | Fair Value |
|---|----------------|---------------------|
| Local Government Investment Pool Fund | 23-day average | \$ 17,807 |
| AUL Annuity Contract | N/A | 260,941 |
| <hr/> | | |
| Total investments | | 278,748 |
| Net cash deposits with financial institutions carrying amount | | 3,402,497 |
| Less - Cash and investments held by fiduciary funds | | (265,671) |
| <hr/> | | |
| Cash and investments reported on statement of net position | | <u>\$ 3,415,574</u> |

The District is a participant in the LGIP, which is authorized in Wisconsin Statutes 25.14 and 25.17 under the oversight of the State of Wisconsin Investment Board. The LGIP is not registered with the Securities Exchange Commission (SEC) as an investment company. The LGIP operates and reports to participants on the amortized cost basis. LGIP pool shares are bought and redeemed at \$1 based on the amortized cost of the investments in the LGIP. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. The investment in the LGIP is not subject to the fair value hierarchy disclosures.

School District of Fall Creek

Notes to Financial Statements

Note 5: Interfund Balances and Activity

Interfund receivable and payable balances in the fund financial statements on June 30, 2022, are as follows:

| <i>Due From:</i> | Due To: | | |
|-------------------------|----------------------------|--------------------------------------|------------------------------|
| | OPEB Trust Fund | Capital Projects Fund | Food Service Fund |
| General Fund | \$ 7,310 | \$ 469,952 | \$ - |
| OPEB Trust Fund | - | - | 3,806 |
| Totals | \$ 7,310 | \$ 469,952 | \$ 3,806 |

The purpose for interfund receivable and payable balances is to make a funding contribution for long-term projects of the District and to make a contribution for other post employment benefits.

In the statement of net position, amounts reported in fund balance sheets as interfund balances have been eliminated within the governmental activities columns.

Interfund transfers at June 30, 2022, were as follows:

| <i>Transfer From:</i> | Transfer To: |
|------------------------------|--------------------------------------|
| | Capital Projects Fund |
| General Fund | \$ 469,952 |

The purpose for interfund receivable and payable balances is to make a funding contribution for long-term projects of the District and to make a distribution for other post employment benefits.

School District of Fall Creek

Notes to Financial Statements

Note 6: Capital Assets

Capital asset balances and activity for the year ended June 30, 2022, were as follows:

| Governmental Activities | Beginning Balance | Increases | Decreases | Ending Balance |
|--|----------------------|----------------------|-----------------------|----------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 297,500 | \$ - | \$ - | \$ 297,500 |
| Construction in progress | 11,937,996 | - | (11,937,996) | - |
| Total capital assets not being depreciated | 12,235,496 | - | (11,937,996) | 297,500 |
| Capital assets being depreciated: | | | | |
| Land improvements | 606,606 | 130,953 | (74,300) | 663,259 |
| Buildings and building improvements | 12,923,004 | 11,688,788 | - | 24,611,792 |
| Furniture and equipment | 3,173,029 | 599,432 | (121,404) | 3,651,057 |
| Total capital assets being depreciated | 16,702,639 | 12,419,173 | (195,704) | 28,926,108 |
| Less accumulated depreciation for: | | | | |
| Land improvements | (366,181) | (30,030) | 74,300 | (321,911) |
| Buildings and building improvements | (6,822,733) | (666,552) | - | (7,489,285) |
| Furniture and equipment | (2,457,232) | (147,354) | 121,404 | (2,483,182) |
| Total accumulated depreciation | (9,646,146) | (843,936) | 195,704 | (10,294,378) |
| Total capital assets, being depreciated - Net of accumulated depreciation | 7,056,493 | 11,575,237 | - | 18,631,730 |
| Governmental activities capital assets - Net | \$ 19,291,989 | \$ 11,575,237 | \$(11,937,996) | \$ 18,929,230 |

School District of Fall Creek

Notes to Financial Statements

Note 6: Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

| | |
|---|------------|
| Regular instruction | \$ 34,149 |
| Vocational instruction | 1,350 |
| Special education instruction | 1,168 |
| Other instruction | 14,901 |
| Instructional staff services | 1,233 |
| Building administration services | 180 |
| Operations and maintenance of schools | 83,441 |
| Food service | 268 |
| Pupil transportation services | 7,950 |
| Central services | 11,047 |
| Other support services | 20,620 |
| Depreciation not charged to a specific function | 667,629 |
| <hr/> | |
| Total depreciation for governmental activities | \$ 843,936 |

School District of Fall Creek

Notes to Financial Statements

Note 7: Leases

The District, as a lessee, has entered into lease agreements with E.O. Johnson Co. Inc. involving print management service. The lease term is for 5 years. The lease will expire on August 17, 2024.

Right of use asset balances and activity were as follows for the year ended June 30, 2022:

| | Balance 07/01/21 | Increases | Decreases | Balance 06/30/22 |
|---|---------------------|-------------|-----------|---------------------|
| Right of use assets: | \$ 109,969 | \$ - | \$ - | \$ 109,969 |
| Accumulated amortization: | | | | |
| Right of use assets: | - | (27,492) | - | (27,492) |
| Total right of use assets, being amortized, net | \$ 109,969 | \$ (27,492) | \$ - | \$ 82,477 |

Lease future minimum lease payments as the year ended June 30, 2022:

| | Principal | Interest | Total |
|--------|-----------|----------|-----------|
| 2023 | \$ 33,639 | \$ 4,095 | \$ 37,734 |
| 2024 | 35,405 | 2,329 | 37,734 |
| 2025 | 8,963 | 471 | 9,434 |
| Totals | \$ 78,007 | \$ 6,895 | \$ 84,902 |

School District of Fall Creek

Notes to Financial Statements

Note 8: Long-Term Obligations

Long-term obligations of the District are as follows:

| | Balance 7/1/2021 | Additions | Reductions | Balance 6/30/2022 | Amounts Due Within One Year |
|--|----------------------|------------------|---------------------|----------------------|-----------------------------------|
| GO School Improvement Bonds - 7/12/18 | \$ 8,835,000 | \$ - | \$ 870,000 | \$ 7,965,000 | \$ - |
| GO Refunding Bonds - 1/15/20 | 2,665,000 | - | 420,000 | 2,245,000 | 435,000 |
| Premium on issuance | 170,307 | - | 19,591 | 150,716 | - |
| Notes | 1,290,000 | - | 350,000 | 940,000 | 365,000 |
| Lease obligations | 109,969 | - | 31,962 | 78,007 | 33,639 |
| Subtotals | 12,960,307 | - | 1,691,553 | 11,378,723 | 833,639 |
| Compensated absences | 164,390 | 76,430 | 51,555 | 189,265 | - |
| Totals | \$ 13,124,697 | \$ 76,430 | \$ 1,743,108 | \$ 11,567,988 | \$ 833,639 |

Payments on bonds are made by the Debt Service Fund. The compensated absences will be liquidated by several of the governmental funds.

School District of Fall Creek

Notes to Financial Statements

Note 8: Long-Term Obligations (Continued)

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, 2022, is comprised of the following individual issues:

| | Governmental Activities | | | Balance 06/30/22 |
|---------------------------------------|-------------------------|---------------------|----------------------|----------------------|
| | Issue Dates | Interest Rates % | Dates of Maturity | |
| GO Promissory Note | 1/3/2019 | 2.70% - 5.00% | 3/1/2025 | \$ 940,000 |
| GO School Improvement Bonds | 7/12/2018 | 3.00% - 5.50% | 3/1/2038 | 7,965,000 |
| GO Refunding Bonds | 1/15/2020 | 2.00% - 3.00% | 3/1/2027 | 2,245,000 |
| Total general obligation debt* | | | | \$ 11,150,000 |

The 2021 equalized valuation of the District as certified by the Wisconsin Department of Revenue is \$418,829,761. The legal debt limit and margin of indebtedness as of June 30, 2022, in accordance with Section 67.03(1)(a) of the Wisconsin Statutes, are as follows:

| | |
|--|----------------------|
| Legal debt limit (10% of \$418,829,761) | \$ 41,882,976 |
| Deduct - Long-term debt* applicable to debt margin | 11,150,000 |
| Add - Debt service fund assets available | 270,478 |
| Margin of indebtedness | \$ 31,003,454 |

Aggregate cash flow requirements for the retirement of long-term principal and interest as of June 30, 2022, are as follows:

| Governmental Activities | | | |
|--------------------------------|----------------------|---------------------|----------------------|
| Year Ended June 30: | Principal | Interest | Totals |
| 2023 | \$ 800,000 | \$ 359,745 | \$ 1,159,745 |
| 2024 | 825,000 | 328,445 | 1,153,445 |
| 2025 | 850,000 | 304,835 | 1,154,835 |
| 2026 | 880,000 | 279,275 | 1,159,275 |
| 2027 | 905,000 | 261,375 | 1,166,375 |
| 2028-2032 | 2,510,000 | 1,034,725 | 3,544,725 |
| 2033-2037 | 3,565,000 | 541,275 | 4,106,275 |
| 2038 | 815,000 | 28,525 | 843,525 |
| Totals | \$ 11,150,000 | \$ 3,138,200 | \$ 14,288,200 |

School District of Fall Creek

Notes to Financial Statements

Note 8: Long-Term Obligations (Continued)

On June 2, 2022, the District used existing resources of \$893,752 to purchase United States Treasury Certificates of Indebtedness, Notes and/or Bonds - State and Local Government Series that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments for a portion of the general obligation refunding bonds dated July 12, 2018. The Trust will pay interest when due totaling \$106,575 and \$870,000 in principal when the bonds are called on March 1, 2026. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

In prior years, the District has defeased various bonds by creating irrevocable trusts. The District's existing resources have been deposited into these trusts and invested in U.S Government Securities that are designed to meet the requirement of the refunded debt. As of June 30, 2022, the debt associated with the refunding issues, as well as defeased debt outstanding, but removed include principal of \$1,495,000 of bonds are considered defeased.

School District of Fall Creek

Notes to Financial Statements

Note 9: Employee Retirement Plans - Wisconsin Retirement System

Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The system provides coverage to all eligible State of Wisconsin, local government, and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, 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>.

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.

School District of Fall Creek

Notes to Financial Statements

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

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.

Postretirement Adjustments

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

| Year | Core Fund Adjustment | Variable Fund Adjustment |
|------|----------------------------|--------------------------------|
| 2012 | (7.0)% | (7.0)% |
| 2013 | (9.6)% | 9.0 % |
| 2014 | 4.7 % | 25.0 % |
| 2015 | 2.9 % | 2.0 % |
| 2016 | 0.5 % | (5.0)% |
| 2017 | 2.0 % | 4.0 % |
| 2018 | 2.4 % | 17.0 % |
| 2019 | - % | (10.0)% |
| 2020 | 1.7 % | 21.0 % |
| 2021 | 5.1 % | 13.0 % |

School District of Fall Creek

Notes to Financial Statements

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

Contributions

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

During the reporting period, the WRS recognized \$345,461 in contributions from the employer.

Contribution rates as of June 30, 2022, are:

| <u>Employee Category</u> | <u>Employee</u> | <u>Employer</u> |
|---|-----------------|-----------------|
| General (including teachers, executives, and elected officials) | 6.50% | 6.50% |
| Protective with Social Security | 6.50% | 12.00% |
| Protective without Social Security | 6.50% | 16.40% |

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

At June 30, 2022, the District reported an asset of \$2,402,457 for its proportionate share of the Net Pension Asset. The Net Pension Asset was measured as of December 31, 2021, and the Total Pension Liability used to calculate the Net Pension Asset was determined by an actuarial valuation as of December 31, 2020, rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The District's proportion of the Net Pension Asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2021, the District's proportion was 0.03956285%, which was an increase of 0.00983647% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$207,055.

School District of Fall Creek

Notes to Financial Statements

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

At June 30, 2022, 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 | \$ 3,881,049 | \$ 279,865 |
| Net differences between projected and actual earnings on pension plan investments | - | 5,374,498 |
| Change in assumptions | 448,216 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 556 | 871 |
| Employer contributions subsequent to the measurement date | 210,910 | - |
| Total | \$ 4,540,731 | \$ 5,655,234 |

\$210,910 reported as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30 | Net Deferred Outflows (Inflows) of Resources |
|--------------------|---|
| 2023 | \$ (111,930) |
| 2024 | (651,785) |
| 2025 | (286,827) |
| 2026 | (274,871) |

School District of Fall Creek

Notes to Financial Statements

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

Actuarial Assumptions

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

| | |
|---|--|
| Actuarial valuation date | December 31, 2020 |
| Measurement date of net pension liability (asset) | December 31, 2021 |
| Experience study | January 1, 2018 - December 31, 2020 Published November 19, 2021 |
| Actuarial cost method | Entry age normal |
| Asset valuation method | Fair value |
| Long-term expected rate of return | 6.8% |
| Discount rate | 6.8% |
| Salary Increases: | |
| Wage Inflation | 3.0% |
| Seniority/Merit | 0.1% - 5.6% |
| Mortality | 2020 WRS experience mortality table |
| Postretirement adjustments* | 1.7% |

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

Actuarial assumptions are based on an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021, is based on a roll-forward of the liability calculated from the December 31, 2020, actuarial valuation.

School District of Fall Creek

Notes to Financial Statements

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

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

Asset Allocation Targets and Expected Returns As of December 31, 2021

| Asset Class | Asset Allocation % | Long-Term Expected Nominal Rate of Return % | Long-Term Expected Real Rate of Return % |
|----------------------------|-----------------------|--|---|
| Core fund: | | | |
| Global equities | 52.0% | 6.8% | 4.2% |
| Fixed income | 25.0% | 4.3% | 1.8% |
| Inflation sensitive assets | 19.0% | 2.7% | 0.2% |
| Real estate | 7.0% | 5.6% | 3.0% |
| Private equity/debt | 12.0% | 9.7% | 7.0% |
| Total core fund | 115.0% | 6.6% | 4.0% |
| Variable fund: | | | |
| U.S. equities | 70.0% | 6.3% | 3.7% |
| International equities | 30.0% | 7.2% | 4.6% |
| Total variable fund | 100.0% | 6.8% | 4.2% |

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

New England Pension Consultants Long-Term U.S. CPI (Inflation) Forecast: 2.50%

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

School District of Fall Creek

Notes to Financial Statements

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

Single Discount Rate: A single discount rate of 6.8% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the municipal bond rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the District's proportionate share of the Net Pension Asset 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%) 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) | \$ 1,704,714 | \$ (2,402,457) | \$ (5,358,857) |

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2022, the District reported a payable of \$147,664 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

School District of Fall Creek

Notes to Financial Statements

Note 10: District Pension Plan and Benefits

The District administers a single-employer defined benefit plan that provides pension benefits to eligible retirees as established by District policy. The School District Board manages the pension plan and has appointed the District Bookkeeper as trustee and Mid America Bank as investment manager. There are 8 active plan members, 11 inactive plan members currently receiving benefits.

The School Board has the authority to establish and amend the types of benefits provided through the pension plan. The District provides an early retirement stipend to support staff with 20 consecutive years of service and who elect to retire beginning at age 62. The benefit is also available to teachers and administrators who were hired prior to July 1, 2017, who had opted out to collect the prefunded early retirement benefit and were at least 50 years of age and employed on June 30, 2012. The stipend shall be paid monthly from the time of retirement until the recipient becomes Medicare eligible. The amount of the stipend shall be set at retirement. Support staff receives \$600 per month less elected health and/or dental premiums. At the age of 57, teachers and administrators receive a monthly stipend equal to the lesser of the health insurance premium at the time of retirement, or \$1,583, less elected health and/or dental premiums. This benefit is prorated for eligible teachers and administrators retiring between the ages of 55 and 56. The School Board determines the amount contributed to the trust and did not make a contribution in 2022. The plan does not issue a standalone report.

For June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.10%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net pension liability of the District at June 30, 2022, are as follows:

| | | |
|-----------------------------|----|----------|
| Total pension liability | \$ | 221,513 |
| Plan fiduciary net position | | (79,307) |
| <hr/> | | |
| Net pension liability | \$ | 142,206 |

| | |
|--|--------|
| Plan fiduciary net position as a percentage of the total pension liability | 35.8 % |
|--|--------|

The total pension liability was determined by an actuarial valuation as of June 30, 2022. The actuarial assumptions included an inflation rate of 2.50% and projected salary increases of 3.00%, average, including inflation. The investment rate of return was 3.50%, net of pension plan investment expense, including inflation. Mortality, disability, and retirement rates are from the WRS experience for public schools. The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study from 2015-2017.

School District of Fall Creek

Notes to Financial Statements

Note 10: District Pension Plan and Benefits (Continued)

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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, (see discussion of the pension plan's investment policy) are summarized in the following table:

| <i>Asset Class</i> | Long-Term Expected Real Rate of Return |
|-----------------------|---|
| AUL annuity contracts | 3.50 % |

The discount rate used to measure the total pension liability was 3.50%, as determined by the actuary at Bond Buyer Go for a 20-year AA municipal bond. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability for the year ended June 30, 2022, are as follows:

| <i>Changes in Net Pension Liability</i> | Increase (Decrease) | | |
|---|--|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balances at June 30, 2021 | \$ 399,807 | \$ 258,579 | \$ 141,228 |
| Changes for the year: | | | |
| Service cost | 752 | - | 752 |
| Interest | 6,951 | - | 6,951 |
| Changes in assumptions or other input | (3,521) | - | (3,521) |
| Net investment income | - | 3,204 | (3,204) |
| Benefit payments | (182,476) | (182,476) | - |
| Net changes | (178,294) | (179,272) | 978 |
| Balances at June 30, 2022 | \$ 221,513 | \$ 79,307 | \$ 142,206 |

School District of Fall Creek

Notes to Financial Statements

Note 10: District Pension Plan and Benefits (Continued)

The following presents the net pension liability (asset) of the District, calculated using the discount rate of 3.50%, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

| | 1% Decrease (2.50%) | Current Discount Rate (3.50%) | 1% Increase (4.50%) |
|--|---------------------------|-------------------------------------|---------------------------|
| District's net pension liability (asset) | \$ 145,017 | \$ 142,206 | \$ 139,437 |

For the year ended June 30, 2022, the District recognized pension expense of \$32,059. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following resources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 18,931 | \$ - |
| Changes of assumptions | - | 6,277 |
| Net difference between projected and actual earnings on pension plan investments | 7,982 | - |
| Totals | \$ 26,913 | \$ 6,277 |

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

| Year Ended June 30: | Net Deferred Outflows (Inflows) of Resources |
|---------------------|--|
| 2023 | \$ 19,252 |
| 2024 | 812 |
| 2025 | 459 |
| 2026 | 113 |

At June 30, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

School District of Fall Creek

Notes to Financial Statements

Note 11: Other Postemployment Benefits

The District administers a single-employer defined benefit plan that provides OPEB benefits to eligible retirees as established by District policy. The School District Board manages the OPEB plan and has appointed the District Bookkeeper as trustee and Mid America Bank as investment manager. There are 51 active plan members, 6 inactive plan members currently receiving benefits, and no inactive plan members entitled to but not yet receiving benefits.

The School Board has the authority to establish and amend the types of benefits provided through the OPEB plan. The plan provides funds for medical benefits to eligible retirees and their families through the District's group medical insurance plan, which covers both active and retired members. The eligibility requirements are based on the retiree's position, years of service, and age at retirement. If eligible, the retiree may receive funds for medical benefits for up to 10 years or until they are eligible for Medicare. The School Board determines the amount contributed to the trust and contributed \$0 to the plan in the current year. The plan does not issue a standalone report.

Currently the plan is invested in AUL annuity contracts. For June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 1.87%. The money-weighted rate of return expresses the investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability (asset) of the District at June 30, 2022, are as follows:

| | |
|---|-------------|
| Total OPEB liability | \$ 87,700 |
| Plan fiduciary net position | (177,828) |
| <hr/> | |
| Net OPEB liability (asset) | \$ (90,128) |
| <hr/> | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 202.77 % |

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of June 30, 2022, and rolled forward to June 30, 2022. The actuarial assumptions included an inflation rate of 2.50% and projected salary increases of 3.00%, average, including inflation. The investment rate of return was 3.50%, net of OPEB plan investment expense, including inflation. The medical care trend at a rate of 6.50% decreasing by 0.10% per year down to 5.00%, and level thereafter. Actuarial assumptions are based upon an experience study conducted in 2018 using WRS experience from 2015-2017.

School District of Fall Creek

Notes to Financial Statements

Note 11: Other Postemployment Benefits (Continued)

The long-term expected rate of return on OPEB 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 OPEB 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022, (see discussion of the plan's investment policy) are summarized in the following table:

| <i>Asset Class</i> | Long-Term Expected Real Rate of Return |
|-----------------------|---|
| AUL annuity contracts | 3.50 % |

The discount rate used to measure the total pension liability was 3.50%, as determined by the actuary at Bond Buyer Go for a 20-year AA municipal bond. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the net OPEB liability for the year ended June 30, 2022, are as follows:

| <i>Changes in Net OPEB Liability</i> | Increase (Decrease) | | |
|---------------------------------------|---|--|---|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at June 30, 2021 | \$ 116,399 | \$ 205,734 | \$ (89,335) |
| Changes for the year: | | | |
| Service cost | 3,317 | - | 3,317 |
| Interest | 2,314 | - | 2,314 |
| Changes in assumptions or other input | (3,875) | - | (3,875) |
| Net investment income | - | 2,549 | (2,549) |
| Benefit payments | (30,455) | (30,455) | - |
| Net changes | (28,699) | (27,906) | (793) |
| Balances at June 30, 2022 | \$ 87,700 | \$ 177,828 | \$ (90,128) |

School District of Fall Creek

Notes to Financial Statements

Note 11: Other Postemployment Benefits (Continued)

The following presents the net OPEB liability of the District, calculated using the discount rate of 3.50%, as well as what the District's net OPEB liability would be if it were calculating using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate:

| | 1% Decrease to Discount Rate (2.50%) | Current Discount Rate (3.50%) | 1% Increase to Discount Rate (4.50%) |
|---------------------------------------|--|-------------------------------------|--|
| District's net OPEB liability (asset) | \$ (87,033) | \$ (90,128) | \$ (93,165) |

The following represents the District's net OPEB liability calculated using the health care cost trend rate of 6.5% decreasing to 5.0%, as well as what the District's net OPEB liability would be if it were calculated using the health care cost trend rate that is 1 percentage point lower (5.5% decreasing to 4.0%) or 1 percentage point higher (7.5% decreasing to 6.0%) than the current rate:

| | 1% Decrease (5.5% decreasing to 4.0%) | Health Care Cost Trend Rates (6.5% decreasing to 5.0%) | 1% Increase to (7.5% decreasing to 6.0%) |
|-------------------------------|---|---|--|
| District's net OPEB liability | \$ (96,567) | \$ (90,128) | \$ (82,875) |

For the year ended June 30, 2022, the District recognized OPEB expense of \$4,742. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 81,420 | \$ 33,459 |
| Changes of assumptions or other input | 5,453 | 41,702 |
| Net difference between projected and actual earnings on OPEB plan investments | 2,775 | - |
| Total | \$ 89,648 | \$ 75,161 |

School District of Fall Creek

Notes to Financial Statements

Note 11: Other Postemployment Benefits (Continued)

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

| Year Ended June 30: | Deferred Outflows (Inflows) of Resources |
|---------------------|--|
| 2023 | \$ 3,472 |
| 2024 | 3,819 |
| 2025 | 3,049 |
| 2026 | 2,987 |
| 2027 | 2,638 |
| Thereafter | (1,478) |

At June 30, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2022.

Note 12: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and workers' compensation for which the District carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in the District's insurance coverage in fiscal year 2022.

Note 13: Jointly Governed Organization

The District is served by Cooperative Education Service Agency No. 10 (CESA). CESA is a regional service entity organized to serve the educational needs of 29 school districts in all or parts of Barron, Buffalo, Chippewa, Clark, Dunn, Eau Claire, Jackson, Marathon, Price, Rusk, Sawyer, Taylor, and Trempealeau Counties. CESA is governed by an 11-member board of control elected from a delegate assembly, which consists of one school board member from each of the school districts in the CESA region, with special provisions made for areas served by union high/K-8 districts. Participating school districts have neither an ongoing financial interest nor responsibility. The District purchased \$61,020 of education services during the fiscal year. At June 30, 2022, due to/from other governments included \$0 for CESA.

Required Supplementary Information

School District of Fall Creek
Budgetary Comparison Schedule - General Fund
Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual on Budgetary Basis</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|---------------------|--|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Local | \$ 2,086,985 | \$ 2,086,985 | \$ 2,115,500 | \$ 28,515 |
| Interdistrict | 1,408,082 | 1,408,082 | 1,412,094 | 4,012 |
| Intermediate | 10,000 | 10,000 | 28,862 | 18,862 |
| State | 6,635,472 | 6,635,472 | 6,623,518 | (11,954) |
| Federal | 235,589 | 356,589 | 296,117 | (60,472) |
| Other | 36,000 | 48,000 | 42,861 | (5,139) |
| Total revenues | 10,412,128 | 10,545,128 | 10,518,952 | (26,176) |
| Expenditures: | | | | |
| Instruction: | | | | |
| Undifferentiated curriculum | 2,134,005 | 2,075,800 | 2,009,054 | 66,746 |
| Regular curriculum | 2,311,280 | 2,311,280 | 2,296,272 | 15,008 |
| Vocational instruction | 403,460 | 403,460 | 402,752 | 708 |
| Physical curriculum | 267,012 | 267,012 | 265,653 | 1,359 |
| Co-curricular activities | 282,732 | 321,614 | 321,614 | - |
| Gifted and talented | 33,649 | 33,649 | 32,029 | 1,620 |
| Total instruction | 5,432,138 | 5,412,815 | 5,327,374 | 85,441 |
| Support services: | | | | |
| Pupil services | 189,786 | 193,139 | 193,139 | - |
| Instructional staff services | 336,265 | 339,682 | 339,680 | 2 |
| General administration | 312,454 | 312,800 | 312,800 | - |
| School building administration | 424,520 | 424,520 | 416,889 | 7,631 |
| Business administration | 1,577,076 | 1,688,717 | 1,650,982 | 37,735 |
| Central services | 80,581 | 86,200 | 86,200 | - |
| Insurance & judgments | 109,534 | 109,534 | 96,337 | 13,197 |
| Debt service | 500 | 500 | 37,992 | (37,492) |
| Other support services | 293,899 | 320,610 | 342,445 | (21,835) |
| Total support services | 3,324,615 | 3,475,702 | 3,476,464 | (762) |
| Non-program transactions: | | | | |
| Purchased instructional services | 630,841 | 630,841 | 612,773 | 18,068 |
| Other nonprogram transactions | 11,690 | 12,926 | 12,926 | - |
| Total non-program transactions | 642,531 | 643,767 | 625,699 | 18,068 |
| Total expenditures | \$ 9,399,284 | \$ 9,532,284 | \$ 9,429,537 | \$ 102,747 |

School District of Fall Creek
Budgetary Comparison Schedule - General Fund (Continued)
Year Ended June 30, 2022

| | <u>Budgeted Amounts</u> | | Actual on Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|--------------|---------------------------------|--|
| | Original | Final | | |
| Excess of revenues over expenditures | \$ 1,012,844 | \$ 1,012,844 | \$ 1,089,415 | \$ 76,571 |
| Other financing sources (uses): | | | | |
| Transfers out | (1,012,844) | (1,012,844) | (1,012,321) | 523 |
| Net other financing sources (uses) | (1,012,844) | (1,012,844) | (1,012,321) | 523 |
| Net change in fund balance | - | - | 77,094 | 77,094 |
| Fund balance - Beginning of year | 1,526,028 | 1,526,028 | 1,526,028 | - |
| Fund balance - End of year | \$ 1,526,028 | \$ 1,526,028 | \$ 1,603,122 | \$ 77,094 |

See Independent Auditor's Report.

See accompanying notes to the Budgetary Comparison Schedule - General Fund.

School District of Fall Creek

Notes to the Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2022

Note 1: Budgetary Information

Budgets are adopted each fiscal year for all funds in accordance with Section 65.90 of the Wisconsin Statutes, using the budgetary accounting basis prescribed by the Wisconsin Department of Public Instruction (DPI).

The legally adopted budget and budgetary expenditure control are exercised at the two-digit subfunction level in the General Fund and at the function level for all other funds. Reported budget amounts are as originally adopted or as amended by School Board resolution.

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

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

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

School District of Fall Creek
Notes to the Budgetary Comparison Schedule - General Fund (Continued)
Year Ended June 30, 2022

Note 2: Budgetary Comparisons

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

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

| | General Fund Actual on Budgetary Basis | Special Education Fund | General Fund Actual on GAAP Basis |
|-----------------------------------|---|---------------------------------------|--|
| Revenues | \$ 10,518,952 | \$ 446,780 | \$ 10,965,732 |
| Expenditures | (9,429,537) | (989,149) | (10,418,686) |
| Other financing sources (uses) | (1,012,321) | 542,369 | (469,952) |
| Net change in fund balance | \$ 77,094 | \$ - | \$ 77,094 |

Note 3: Excess of Expenditures Over Appropriations

For the year ended June 30, 2022, the General Fund had expenditures in excess of appropriations for the following two-digit subfunction categories:

| | Budget | Actual | Actual Over Budget |
|-----------------------|---------------|---------------|-------------------------------|
| Debt service | \$ 500 | \$ 37,992 | \$ 37,492 |
| Other support service | 320,610 | 342,445 | 21,835 |

School District of Fall Creek

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

Last 10 Years*

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

Last 10 Calendar Years*

| Measurement Date December 31, | District's Proportion of the Net Pension Liability (Asset) | District's Proportionate Share of the Net Pension Liability (Asset) | District's Covered Payroll | Districts Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|----------------------------------|---|---|-------------------------------|---|---|
| 2021 | 0.02980649 % | \$ (2,402,457) | \$ 5,151,776 | (46.63)% | 106.02 % |
| 2020 | 0.02972638 | (1,855,859) | 4,966,906 | (37.36) | 105.26 |
| 2019 | 0.02990129 | (964,154) | 4,773,135 | (20.20) | 102.96 |
| 2018 | 0.03007252 | 1,069,886 | 4,552,944 | 23.50 | 96.45 |
| 2017 | 0.03050440 | (905,711) | 4,497,599 | (20.14) | 102.93 |
| 2016 | 0.03093218 | 254,955 | 4,386,086 | 5.81 | 99.12 |
| 2015 | 0.03141238 | 510,445 | 4,389,280 | 11.63 | 98.20 |
| 2014 | 0.03160067 | (776,199) | 4,414,991 | (17.58) | 102.74 |

Schedule of the Employer Contributions Wisconsin Retirement System (WRS)

Last 10 Fiscal Years*

| Year Ended June 30, | Contractually Required Contributions for the Fiscal Period | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | District's Covered Payroll for the Fiscal Year | Contributions as a Percentage of Covered Payroll |
|------------------------|--|---|--|---|--|
| 2022 | \$ 345,461 | \$ 345,461 | \$ - | \$ 5,238,117 | 6.60 % |
| 2021 | 344,159 | 344,159 | - | 5,098,659 | 6.75 |
| 2020 | 327,918 | 327,918 | - | 4,913,968 | 6.67 |
| 2019 | 310,782 | 310,782 | - | 4,703,100 | 6.61 |
| 2018 | 301,589 | 301,589 | - | 4,475,341 | 6.74 |
| 2017 | 301,269 | 301,269 | - | 4,481,163 | 6.72 |
| 2016 | 289,357 | 289,357 | - | 4,333,506 | 6.68 |
| 2015 | 305,990 | 305,990 | - | 4,448,899 | 6.88 |

School District of Fall Creek

Notes to Required Supplementary Information

Notes to the Schedules:

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

Changes of assumptions:

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

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

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

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

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

See Independent Auditor's Report.

School District of Fall Creek

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions:

| <i>Year Ended June 30, 2022</i> | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------------------------|--|--|--|--|--|
| Valuation Date: | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 | December 31, 2015 |
| Actuarial Cost Method: | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age |
| | Frozen Entry AgeLevel | Frozen Entry AgeLevel | Frozen Entry | Frozen Entry | Frozen Entry AgeLevel |
| | Percent of Payroll-Closed | Percent of Payroll-Closed | AgeLevel Percent of Payroll-Closed | AgeLevel Percent of Payroll-Closed | Percent of Payroll-Closed |
| Amortization Method: | Amortization Period | Amortization Period | Amortization Period | Amortization Period | Amortization Period |
| | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS |
| Amortization Period: | Five Year Smoothed | Five Year Smoothed | Five Year Smoothed | Five Year Smoothed | Five Year Smoothed |
| Asset Valuation Method: | Market (Closed) | Market (Closed) | Market (Closed) | Market (Closed) | Market (Closed) |
| Actuarial Assumptions | | | | | |
| Net Investment Rate of Return: | 5.4% | 5.4% | 5.5% | 5.5% | 5.5% |
| Weighted based on assumed rate for: | | | | | |
| Pre-retirement: | 7.0% | 7.0% | 7.2% | 7.2% | 7.2% |
| Post-retirement: | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% |
| Salary Increases | | | | | |
| Wage Inflation: | 3.0% | 3.0% | 3.2% | 3.2% | 3.2% |
| Seniority/Merit: | 0.1%-5.6% | 0.1%-5.6% | 0.1%-5.6% | 0.1%-5.6% | 0.1%-5.6% |
| Post-retirement Benefit Adjustments*: | 1.9% | 1.9% | 2.1% | 2.1% | 2.1% |

School District of Fall Creek

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

| Year Ended June 30, 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--------------------------|---|---|--|--|--|
| Retirement Age: | Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017. | Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2015-2017. | Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014. | Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014. | Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2012 - 2014. |
| Mortality: | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Wisconsin 2018 Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2018 fully generational improvement scale (multiplied by 60%). | Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). | Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). | Mortality Table. The rates based on actual WRS experience adjusted for future mortality improvements using the MP-2015 fully generational improvement scale (multiplied by 50%). |

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

School District of Fall Creek

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

| <i>Year Ended June 30, 2022</i> | 2016 | 2015 | 2014 | 2013 |
|---------------------------------------|---|---|---|---|
| Valuation Date: | December 31, 2014 | December 31, 2013 | December 31, 2012 | December 31, 2021 |
| Actuarial Cost Method: | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age | Frozen Entry Age |
| Amortization Method: | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period | Level Percent of Payroll-Closed Amortization Period |
| Amortization Period: | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS | 30 Year closed from date of participation in WRS |
| Asset Valuation Method: | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) | Five Year Smoothed Market (Closed) |
| Actuarial Assumptions | | | | |
| Net Investment Rate of Return: | 5.5% | 5.5% | 5.5% | 5.5% |
| Weighted based on assumed rate for: | | | | |
| Pre-retirement: | 7.2% | 7.2% | 7.2% | 7.2% |
| Post-retirement: | 5.0% | 5.0% | 5.0% | 5.0% |
| Salary Increases | | | | |
| Wage Inflation: | 3.2% | 3.2% | 3.2% | 3.2% |
| Seniority/Merit: | 0.1%-5.6% | 0.1%-5.6% | 0.1%-5.6% | 0.1%-5.6% |
| Post-retirement Benefit Adjustments*: | 2.1% | 2.1% | 2.1% | 2.1% |

School District of Fall Creek

Significant methods and assumptions used in calculating Wisconsin Retirement System Actuarially Determined Contributions (continued):

| <i>Year Ended June 30, 2022</i> | 2016 | 2015 | 2014 | 2013 |
|---------------------------------|--|--|--|---|
| Retirement Age: | Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011. | Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011. | Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period 2009 - 2011. | Experiencebased table of rates that are specific to the type of eligibility condition. Last updated for the 2009 valuation pursuant to an experience study of the period 2006 - 2008. |
| Mortality: | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality | Wisconsin 2012 Mortality Table. The rates based on actual WRS experience projected to 2017 with scale BB to all for future improvements (margin) in mortality | Wisconsin Projected Experience Table - 2005 for women and 90% of the Wisconsin Projected Experience Table - 2005 for men. |

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

School District of Fall Creek
Schedule of Changes in the Employer's Net Pension
Liability (Asset) and Related Ratios - District Pension Plan
Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|------------|------------|------------|------------|--------------|--------------|--------------|--------------|
| Measurement date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 |
| Total pension liability: | | | | | | | | |
| Service cost | \$ 752 | \$ 6,982 | \$ 6,000 | \$ 14,371 | \$ 15,362 | \$ 15,362 | \$ 22,322 | \$ 22,322 |
| Interest on the total pension liability | 6,951 | 10,032 | 21,375 | 23,756 | 24,920 | 26,154 | 49,155 | 55,330 |
| Differences between expected and actual experience | - | 56,795 | - | 145,756 | - | 88,407 | - | - |
| Changes of assumptions on other inputs | (3,521) | (11,788) | 11,597 | 8,028 | (10,054) | 27,215 | - | - |
| Benefit payments | (182,476) | (209,174) | (199,440) | (221,577) | (232,271) | (164,271) | (194,291) | (208,022) |
| Net change in total pension liability | (178,294) | (147,153) | (160,468) | (29,666) | (202,043) | (7,133) | (122,814) | (130,370) |
| Total pension liability - Beginning | 399,807 | 546,960 | 707,428 | 737,094 | 939,137 | 946,270 | 1,069,084 | 1,199,454 |
| Total pension liability - Ending | 221,513 | \$ 399,807 | \$ 546,960 | \$ 707,428 | \$ 737,094 | \$ 939,137 | \$ 946,270 | \$ 1,069,084 |
| Plan fiduciary net position: | | | | | | | | |
| Contributions - Employer | - | \$ 50,000 | \$ - | \$ - | \$ - | \$ - | \$ 479,513 | \$ 344,311 |
| Net investment income | 3,204 | 5,741 | 9,930 | 11,255 | 13,475 | 19,942 | 18,230 | 18,437 |
| Benefit payments, including refunds of employee contributions | (182,476) | (209,174) | (199,440) | (221,577) | (232,271) | (164,271) | (194,291) | (208,022) |
| Payments from Employee Benefit Trust - OPEB | - | - | - | (111,648) | - | - | - | - |
| Net change in plan fiduciary net position | (179,272) | (153,433) | (189,510) | (321,970) | (218,796) | (144,329) | 303,452 | 154,726 |
| Plan fiduciary net position - Beginning | 258,579 | 412,012 | 601,522 | 923,492 | 1,142,288 | 1,286,617 | 983,165 | 828,439 |
| Plan fiduciary net position - Ending | 79,307 | \$ 258,579 | \$ 412,012 | \$ 601,522 | \$ 923,492 | \$ 1,142,288 | \$ 1,286,617 | \$ 983,165 |
| District's net pension liability (asset) - Ending | \$ 142,206 | \$ 141,228 | \$ 134,948 | \$ 105,906 | \$ (186,398) | \$ (203,151) | \$ (340,347) | \$ 85,919 |

School District of Fall Creek
Schedule of Changes in the Employer's Net Pension
Liability (Asset) and Related Ratios - District Pension Plan (Continued)
 Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------------|------------|------------|------------|------------|------------|------------|--------------|
| Plan fiduciary net position as a percentage of the total pension liability | 35.80 % | 64.68 % | 75.33 % | 85.03 % | 125.29 % | 121.63 % | 135.97 % | 91.96 % |
| Covered payroll | \$ 306,293 | \$ 306,293 | \$ 478,385 | \$ 478,385 | \$ 765,133 | \$ 677,305 | \$ 896,838 | \$ 1,116,397 |
| District's net pension liability as a percentage of covered payroll | 46.43 % | 46.11 % | 28.21 % | 22.14 % | (24.36)% | (29.99)% | (37.95)% | 7.70 % |

Notes to Schedule:

Benefit changes: There were no changes of benefit terms.

Changes of assumptions:

- Discount rate - Changed from 2.25% to 3.50% in the 2022 study

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

See Independent Auditor's Report.

School District of Fall Creek
Schedule of Employer Contributions - District Pension Plan
 Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------------|-----------|------------|-----------|------------|------------|--------------|--------------|
| Actuarially determined contribution | \$ 8,973 | \$ 62,762 | \$ 4,580 | \$ 4,580 | \$ 4,186 | \$ 4,186 | \$ 177,727 | \$ 177,727 |
| Contributions in relation to the actuarially determined contribution | - | 50,000 | - | - | - | - | 479,513 | 344,311 |
| Contribution deficiency (excess) | \$ 8,973 | \$ 12,762 | \$ 4,580 | \$ 4,580 | \$ 4,186 | \$ 4,186 | \$ (301,786) | \$ (166,584) |
| Covered payroll | \$ 306,293 | \$306,293 | \$ 478,385 | \$478,385 | \$ 765,133 | \$ 677,305 | \$ 896,838 | \$ 1,116,397 |
| Contributions as a percentage of covered payroll | 0.00 % | 16.32 % | 0.00 % | 0.00 % | 0.00 % | 0.00 % | 53.47 % | 30.84 % |

School District of Fall Creek

Notes to Schedule of Employer Contributions - District Pension Plan

Last 10 Fiscal Years*

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

| | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| Measurement date | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Project unit credit |
| Actuarial cost method | Level dollar | Level dollar | Level dollar | Level dollar | Level dollar | Level dollar |
| Amortization method | 30 years | 30 years | 30 years | 30 years | 30 years | 30 years |
| Remaining amortization period | Market value | Market value | Market value | Market value | Market value | Market value |
| Asset valuation method: | 2.5% | 2.0% | 2.0% | 2.5% | 2.5% | 3.0% |
| Inflation | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Salary increases | 3.50% | 2.25% | 2.25% | 3.5% | 3.0% | 5.0% |
| Investment rate of return | WRS 2018 | WRS 2018 | WRS 2015 | WRS 2015 | WRS 2012 | WRS 2012 |
| Retirement age | Mortality table | Mortality table | Mortality table | Mortality table | Mortality table | Mortality table |
| Mortality | WRS 2018 | WRS 2018 | WRS 2012 | WRS 2012 | WRS 2012 | WRS 2012 |
| | Mortality table | Mortality table | Mortality table | Mortality table | Mortality table | Mortality table |

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available

See Independent Auditor's Report.

School District of Fall Creek

Schedule of Investment Returns - District Pension Plan

Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|
| Annual money-weighted rate of return, net of investment expense | 1.10 % | 3.52 % | 0.12 % | 1.49 % | 1.42 % | 1.72 % | 1.90 % | 1.12 % |

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

School District of Fall Creek
Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios -
District OPEB Plan
Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-------------|-------------|--------------|--------------|------------|------------|
| Measurement date | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 |
| Total OPEB liability: | | | | | | |
| Service cost | \$ 3,317 | \$ 4,977 | \$ 3,962 | \$ 4,453 | \$ 4,897 | \$ 4,897 |
| Interest | 2,314 | 4,261 | 6,911 | 4,708 | 4,975 | 6,871 |
| Differences between expected and actual experience | - | (41,823) | - | 127,944 | - | - |
| Changes of assumptions or other input | (3,875) | (24,770) | 7,499 | (28,911) | (5,738) | - |
| Benefit payments including refunds of member contributions | (30,455) | (26,249) | (27,718) | (44,324) | (44,073) | (105,891) |
| Net change in total OPEB liability | (28,699) | (83,604) | (9,346) | 63,870 | (39,939) | (94,123) |
| Total OPEB liability - Beginning | 116,399 | 200,003 | 209,349 | 145,479 | 185,418 | 279,541 |
| Total OPEB liability - Ending | \$ 87,700 | \$ 116,399 | \$ 200,003 | \$ 209,349 | \$ 145,479 | \$ 185,418 |
| Plan fiduciary net position: | | | | | | |
| Contributions - Employer | \$ - | \$ - | \$ 150,000 | \$ - | \$ - | \$ - |
| Retiree contributions | - | - | - | - | 2,948 | 2,514 |
| Net investment income | 2,549 | 4,511 | 1,891 | 2,144 | 2,378 | 3,519 |
| Benefit payments, including refunds of employee contributions | (30,455) | (26,249) | (27,718) | (44,324) | (47,021) | (108,405) |
| Payments from Employee Benefit Trust - Pension | - | - | - | 111,648 | - | - |
| Net change in plan fiduciary net position | (27,906) | (21,738) | 124,173 | 69,468 | (41,695) | (102,372) |
| Plan fiduciary net position - Beginning | 205,734 | 227,472 | 103,299 | 33,831 | 75,526 | 177,898 |
| Plan fiduciary net position - Ending | \$ 177,828 | \$ 205,734 | \$ 227,472 | \$ 103,299 | \$ 33,831 | \$ 75,526 |
| District's net OPEB liability (asset) - Ending | \$ (90,128) | \$ (89,335) | \$ (27,469) | \$ 106,050 | \$ 111,648 | \$ 109,892 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 202.77 % | 176.75 % | 113.73 % | 49.34 % | 23.25 % | 40.73 % |
| Covered-employee payroll | \$4,385,127 | \$4,385,127 | \$ 4,171,144 | \$ 2,700,310 | \$ 468,505 | \$ 468,505 |
| District's net OPEB liability (asset) as a percentage of covered-employee payroll | (2.06)% | (2.05)% | (0.66)% | 3.93 % | 23.83 % | 23.46 % |

School District of Fall Creek

Schedule of Changes in the Employer's Net OPEB Liability and Related Ratios - District OPEB Plan (Continued)

Notes to Schedule:

Benefit changes: There were no changes of benefit terms.

Changes of assumptions:

- Discount rate - Changed from 2.25% to 3.50% in the 2022 study

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

School District of Fall Creek
Schedule of Employer Contributions - District OPEB Plan
 Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|--------------|--------------|---------------------|------------------|------------------|------------------|
| Actuarially determined contribution | \$ - | \$ - | \$ 15,231 | \$ 15,231 | \$ 10,230 | \$ 10,230 |
| Contributions in relation to the actuarially determined contribution | - | - | (150,000) | - | - | - |
| Contribution deficiency (excess) | \$ - | \$ - | \$ (134,769) | \$ 15,231 | \$ 10,230 | \$ 10,230 |
| Covered-employee payroll | \$ 4,385,127 | \$ 4,385,127 | \$ 4,171,144 | \$ 2,700,310 | \$ 468,505 | \$ 468,505 |
| Contributions as a percentage of covered-employee payroll | \$ 0.00 | 0.00 % | 3.60 % | 0.00 % | 0.00 % | 0.00 % |

School District of Fall Creek

Notes to Schedule of Employer Contributions - District OPEB Plan

Last 10 Fiscal Years*

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

| Measurement date | June 30, 2022 | June 30, 2021 | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
|-------------------------------|--|--|---|---|---|---|
| Actuarial cost method | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Project unit credit |
| Amortization method: | Level dollar | Level dollar | Level dollar | Level dollar | Level dollar | Level dollar |
| Remaining amortization period | 30 years | 30 years | 30 years | 30 years | 30 years | 30 years |
| Asset valuation method | Market value | Market value | Market value | Market value | Market value | Market value |
| Inflation | 2.50% | 2.0% | 2.0% | 2.5% | 2.5% | 2.5% |
| Health care trend rates | 6.50% initial, decreasing 0.10% per year down to 5.0%,and level thereafter | 6.50% initial, decreasing 0.10% per year down to 5.0%,and level thereafter | 7.50% initial, decreasing .5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter | 7.50% initial, decreasing .5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter | 7.50% initial, decreasing .5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter | 7.50% initial, decreasing .5% per year down to 6.50%, then by 0.10% per year down to 5.0%, and level thereafter |
| Salary increases | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% |
| Investment rate of return | 3.50% | 2.25% | 2.25% | 3.50% | 3.00% | 5.00% |
| Retirement age | WRS 2018 Mortality table | WRS 2018 Mortality table | WRS 2015 Mortality table | WRS 2015 Mortality table | WRS 2012 Mortality table | WRS 2012 Mortality table |
| Mortality | WRS 2018 Mortality table | WRS 2018 Mortality table | WRS 2012 Mortality table | WRS 2012 Mortality table | WRS 2012 Mortality table | WRS 2012 Mortality table |

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

School District of Fall Creek
Schedule of Investment Returns - District OPEB Plan
 Last 10 Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------|--------|--------|--------|--------|--------|
| Annual money-weighted rate of return, net of investment expense | 1.87 % | 2.45 % | 1.84 % | 1.49 % | 1.42 % | 1.72 % |

*This schedule is intended to present information for the last 10 years. Additional information will be presented as it becomes available.

See Independent Auditor's Report.

Supplementary Financial Information

School District of Fall Creek

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Pass-Through Entity Identifying Number | Accrued (Deferred) Revenue 7/1/2021 | Cash Received | Expenditures | Accrued (Deferred) Revenue 6/30/2022 | Amount Provided to Subrecipients |
|---|----------------------|---|--|------------------|--------------|---|--|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | |
| Child Nutrition Cluster: | | | | | | | |
| COVID-19 School Breakfast Program July 1, 2021-June 30, 2022 | 10.553 | 2022-181729-DPI-SB-546 | \$ - | \$ 172,999 | \$ 172,999 | \$ - | \$ - |
| TOTAL 10.553 | | | - | 172,999 | 172,999 | - | - |
| COVID-19 National School Lunch Program (Cash Assistance) July 1, 2021-June 30, 2022 | 10.555 | 2022-181729-DPI-NSL-547 | - | 396,058 | 396,058 | - | - |
| COVID-19 National School Lunch Program (Non-Cash Assistance) July 1, 2021-June 30, 2022 | 10.555 | 2022-181729-DPI-NSL-547 | - | 33,523 | 33,523 | - | - |
| TOTAL 10.555 | | | - | 429,581 | 429,581 | - | - |
| TOTAL CHILD NUTRITION CLUSTER | | | - | 602,580 | 602,580 | - | - |
| CESA #10 | | | | | | | |
| Distance Learning and Telemedicine Loans and Grants July 1, 2021-June 30, 2022 | 10.855 | N/A | - | 21,834 | 21,834 | - | - |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | - | 624,414 | 624,414 | - | - |

School District of Fall Creek

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Pass-Through Entity Identifying Number | Accrued (Deferred) Revenue 7/1/2021 | Cash Received | Expenditures | Accrued (Deferred) Revenue 6/30/2022 | Amount Provided to Subrecipients |
|--|----------------------|---|--|------------------|----------------|---|--|
| U.S. DEPARTMENT OF EDUCATION | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | |
| Special Education Cluster (IDEA) | | | | | | | |
| Special Education Grants to State July 1, 2021-June 30, 2022 | 84.027 | 2022-181729-DPI-FLOW-341 | \$ 98,851 | \$ 163,371 | \$ 156,493 | \$ 91,973 | - |
| Special Education Preschool Grants July 1, 2021-June 30, 2022 | 84.173 | 2022-181729-DPI-PRESCH-347 | - | 11,630 | 11,630 | - | - |
| Total Special Education Cluster (IDEA) | | | 98,851 | 175,001 | 168,123 | 91,973 | - |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | |
| Title I Grants to Local Educational Agencies July 1, 2021-June 30, 2022 | 84.010 | 2022-181729-DPI-TIA-141 | - | 83,876 | 83,876 | - | - |
| Improving Teacher Quality State Grants July 1, 2021-June 30, 2022 | 84.367 | 2022-181729-DPI-TIIA-365 | - | 16,890 | 16,890 | - | - |
| Student Support and Academic Enrichment Grants July 1, 2021-June 30, 2022 | 84.424 | 2022-181729-DPI-TIVA-381 | - | 10,000 | 10,000 | - | - |
| COVID-19 Elementary and Secondary School Emergency Relief I Fund July 1, 2021-June 30, 2022 | 84.425D | 2022-181729-DPI-ESSERF-160 | (671) | 22,942 | 26,470 | 2,857 | - |
| COVID-19 Elementary and Secondary School Emergency Relief II Fund July 1, 2021-June 30, 2022 | 84.425D | 2022-181729-DPI-ESSERFII-163 | - | - | 11,200 | 11,200 | - |

School District of Fall Creek

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Pass-Through Entity Identifying Number | Accrued (Deferred) Revenue 7/1/2021 | Cash Received | Expenditures | Accrued (Deferred) Revenue 6/30/2022 | Amount Provided to Subrecipients |
|--|----------------------|---|--|---------------------|---------------------|---|--|
| U.S. DEPARTMENT OF EDUCATION (continued) | | | | | | | |
| Wisconsin Department of Public Instruction | | | | | | | |
| Career and Technical Education - Basic | | | | | | | |
| Grants to States | | | | | | | |
| July 1, 2021-June 30, 2022 | 84.048 | 2022-181729-DPI-CTE-400 | \$ - | \$ 16,251 | \$ 16,251 | \$ - | - |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | 98,180 | 324,960 | 332,810 | 106,030 | - |
| U.S DEPARTMENT OF TREASURY: | | | | | | | |
| WISCONSIN DEPARTMENT OF ADMINISTRATION | | | | | | | |
| Town of Lincoln | | | | | | | |
| COVID-19 Routes to Recovery | | | | | | | |
| July 1, 2021 - June 30, 2022 | 21.019 | N/A | - | 98,951 | 98,951 | - | - |
| TOTAL U.S. DEPARTMENT OF TREASURY | | | - | 98,951 | 98,951 | - | - |
| U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES: | | | | | | | |
| Wisconsin Department of Health Services | | | | | | | |
| Medicaid Cluster: | | | | | | | |
| Medical Assistance Program | | | | | | | |
| July 1, 2021- June 30, 2022 | 93.778 | N/A | - | 53,641 | 58,423 | 4,782 | - |
| CESA #10 | | | | | | | |
| Medicaid Cluster | | | | | | | |
| Medical Assistance Program | | | | | | | |
| July 1, 2021 - June 30, 2022 | 93.778 | N/A | 43,473 | 44,669 | 1,196 | - | - |
| TOTAL MEDICAID CLUSTER | | | 43,473 | 98,310 | 59,619 | 4,782 | - |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | 43,473 | 98,310 | 59,619 | 4,782 | - |
| TOTAL FEDERAL AWARDS | | | \$ 141,653 | \$ 1,146,635 | \$ 1,115,794 | \$ 110,812 | \$ - |

See Independent Auditor's Report.

See accompanying notes to the Schedule of Expenditures of Federal Awards and State Assistance.

School District of Fall Creek

Schedule of State Financial Assistance

Year Ended June 30, 2022

| State Grantor/Pass-Through Grantor/Program or Cluster Title | State Identification Number | Pass-Through Entity Identifying Number | Accrued (Deferred) Revenue 7/1/2021 | Cash Received | Expenditures | Accrued (Deferred) Revenue 6/30/2022 | Amount provided to Subrecipients |
|---|-----------------------------|--|-------------------------------------|------------------|------------------|--------------------------------------|----------------------------------|
| WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | | | | | | | |
| Special Education and School Age Parents | 255.101 | | | | | | |
| District Programs | | 181729-100 | \$ - | \$ 198,636 | \$ 198,636 | \$ - | - |
| Participant in Package Program CESA #10 | | N/A | 656 | 7,490 | 6,834 | - | - |
| Total Special Education and School Age Parents | | | 656 | 206,126 | 205,470 | - | - |
| State School Lunch Aid | 255.102 | 181729-107 | - | 10,388 | 10,388 | - | - |
| Common School Fund Library Aid | 255.103 | 181729-104 | - | 30,370 | 30,370 | - | - |
| Gen Trans Aid for Public and NP Sch Pupils | 255.107 | 181729-102 | - | 21,187 | 21,187 | - | - |
| Wisconsin School Day Milk Program | 255.115 | 181729-109 | - | 3,322 | 3,322 | - | - |
| Equalization Aid | 255.201 | 181729-116 | 90,296 | 6,027,850 | 5,937,554 | - | - |
| High Cost Special Education | 255.210 | 181729-119 | - | 8,891 | 8,891 | - | - |
| Sparisity Aid | 255.212 | 181729-162 | - | 72,184 | 72,184 | - | - |
| Special Education Transition Readiness Grant | 255.257 | 181729-174 | 440 | 440 | - | - | - |
| State School Breakfast Aid | 255.344 | 181729-108 | - | 5,760 | 5,760 | - | - |
| Early College Credit Program Reimbursement | 255.445 | 181729-178 | - | 409 | 409 | - | - |
| Educator Effective Eval Sys Grants Public | 255.940 | 181729-154 | - | 5,760 | 5,760 | - | - |
| Per Pupil Aid | 255.945 | 181729-113 | - | 548,338 | 548,338 | - | - |
| Assessments of Reading Readiness | 255.956 | 181729-166 | - | 1,834 | 1,834 | - | - |
| Aid for Special Education Transition Grant BBL | 255.960 | 181729-168 | - | 1,913 | 1,913 | - | - |
| | | | | | | | |
| School District of Osseo-Fairchild | | | | | | | |
| Peer Review and Mentoring Grants | 255.301 | 181729-141 | - | - | 1,591 | 1,591 | - |
| Total Wisconsin Department of Public Instruction | | | 91,392 | 6,944,772 | 6,854,971 | 1,591 | - |

School District of Fall Creek

Schedule of State Financial Assistance (Continued)

Year Ended June 30, 2022

| State Grantor/Pass-Through Grantor/Program or Cluster Title | State Identification Number | Pass-Through Entity Identifying Number | Accrued (Deferred) Revenue 7/1/2021 | Cash Received | Expenditures | Accrued (Deferred) Revenue 6/30/2022 | Amount provided to Subrecipients |
|---|-----------------------------------|--|--|---------------------|---------------------|---|--|
| WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT PASS-THROUGH: EAU CLAIRE CHAMBER OF COMMERCE Chippewa Valley Youth Apprenticeship | 20.445(7)(b) | N/A | \$ 16,875 | \$ 16,875 | \$ 6,600 | \$ 6,600 | - |
| TOTAL STATE FINANCIAL ASSISTANCE | | | \$ 108,267 | \$ 6,961,647 | \$ 6,861,571 | \$ 8,191 | - |

See Independent Auditor's Report.

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

School District of Fall Creek
Notes to the Schedules of Expenditures of
Federal Awards and State Financial Assistance
Year Ended June 30, 2022

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 District under programs of the federal and state government for the year ended June 30, 2022. The information in these schedules is presented in accordance with the requirements of the Wisconsin Department of Public Instruction. Because the schedules present only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Special Education and School Age Parents Program

2020-2021 eligible costs under the State Special Education Program are \$718,300.

Other Reports

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

Board of Education
School District of Fall Creek
Fall Creek, WI

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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of School District of Fall Creek, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the School District of Fall Creek's basic financial statements, and have issued our report thereon dated December 6, 2022.

Report on Internal Control Over Financial Reporting

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

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

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 reasonable possibility that a material misstatement of the School District of Fall Creek's financial statements will not be prevented or detected and corrected on a timely basis. We identified a deficiency in internal control, schedule of findings and questioned costs as item 2022-002 that we consider to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Report on Compliance and Other Matters

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

School District of Fall Creek's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District of Fall Creek'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 School District of Fall Creek's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wipfli LLP

Eau Claire, Wisconsin

December 6, 2022

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

Board of Education
School District of Fall Creek
Fall Creek, WI

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited School District of Fall Creek's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on its major federal and state program for the year ended June 30, 2022. School District of Fall Creek's major federal and state program are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, School District of Fall Creek complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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

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

Auditor's Responsibility 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 School District of Fall Creek's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration and the Uniform Guidance 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 School District of Fall Creek's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, *State Single Audit Guidelines* and the Uniform Guidance, 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 School District of Fall Creek'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 School District of Fall Creek's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of School District of Fall Creek'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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

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

Wipfli LLP

Eau Claire, Wisconsin

December 6, 2022

School District of Fall Creek

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

I. Summary of Auditor's Results

Financial Statements

| | | | |
|---|-------------------|-----------------------------|--|
| Type of auditor's report issued: | Unmodified | | |
| Internal control over financial reporting: | | | |
| Material weakness(es) identified? | <u> X </u> Yes | <u> </u> No | |
| Significant deficiency(ies) identified? | <u> X </u> Yes | <u> </u> None reported | |
| Noncompliance material to the financial statements noted? | <u> </u> Yes | <u> X </u> No | |

Federal Awards

| | | | |
|---|-------------------|----------------------------|--|
| Internal control over major programs: | | | |
| Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No | |
| Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> None reported | |

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

| | | |
|--|-------------------|-----------------|
| Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)? | <u> </u> Yes | <u> X </u> No |
|--|-------------------|-----------------|

Identification of major federal program(s):

Name of Major Federal Program(s)

| | |
|----------------------------|-------------------------|
| 10.533, 10.555, and 10.559 | Child Nutrition Cluster |
|----------------------------|-------------------------|

School District of Fall Creek

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

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

State Financial Assistance

Internal control over major state programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the *Wisconsin Public School District Audit Manual*?

_____ Yes X No

Identification of major state program(s):

State I.D. Number

Name of Major State Program(s)

255.101

Special Education and School Age Parents

255.201

Equalization Aid

255.107

Pupil Transportation

255.945

Per Pupil Aid

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

\$750,000

Auditee qualified as a low-risk auditee?

No

School District of Fall Creek

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

II. Financial Statement Findings

2022-001: Segregation of Duties

Criteria - No one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition - Incompatible functions are currently being performed by the same individual.

Cause - Limited staff available and inadequate compensating controls.

Effect - Decreased likelihood that unauthorized, false, or incorrectly coded transactions will be prevented, or detected and corrected, in a timely fashion, which may result in misstated financial statements.

Recommendation - We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response - The District does not have the resources available to increase staff size and address this internal control deficiency. The Board and management are aware of the incompatible duties and will continue to provide oversight and monitor the District's operations. In addition, the Board reviews monthly cash disbursements and bank reconciliations.

School District of Fall Creek

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

II. Financial Statement Findings (Continued)

2022-002: Financial Accounting and Reporting

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

Condition - As part of our professional services for the year ended June 30, 2022, we were requested to draft the financial statements and accompanying notes to the financial statements.

Cause - The District does not expect, nor does it require, its financial staff to have the ability to prepare GAAP financial statements.

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

Recommendation - We recommend that management and those charged with governance continue to evaluate whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response - The District does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

III. State Findings and Questioned Costs

None.

School District of Fall Creek

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

IV. Other Issues

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

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

| | |
|-------------------------------------|----|
| Department of Public Instruction | No |
| Department of Workforce Development | No |
| Department of Administration | No |
| Department of Health Service | No |

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



Name of Partner

Dan Walker, CPA

Date

December 6, 2022

School District of Fall Creek

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2022

Financial Statement Findings

2021-001: Segregation of Duties - See finding 2022-001.

2021-002: Financial Accounting and Reporting - See finding 2022-002.

State Financial Assistance Findings and Questioned Costs

None.