

**SCHOOL DISTRICT OF ELMBROOK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|------------------------------|---|
| Actuarial Valuation Date: | July 1, 2019 |
| Actuarial Cost Method: | Entry Age Normal, Level Dollar |
| Asset Valuation Method: | Market Value |
| Salary Increases: | |
| Merit and Longevity | 0.2% to 5.6%, Based on Years of Service |
| Inflation | 3.00% |
| Discount Rate: | 3.54% |
| Investment Rate of Return: | 2.50% |
| Healthcare Cost Trend Rates: | 2021 - 5.70% |
| | 2022 - 5.50% |
| | 2023 - 5.20% |
| | 2024 - 5.00% |
| | Decreasing to an Ultimate Rate of 4.40% |

Mortality rates are based on the Wisconsin 2018 Mortality Table as the base table with and project future improvements with 2018 generational improvement scale, as adopted by Employee Trust Funds Board in connection with the 2018-2020 Experience Study.

Actuarial assumptions used in the July 1, 2019 valuation were based on the "Wisconsin Retirement System 2015 - 2017 Experience Study" that covered a three-year period from January 1, 2015 to December 31, 2017.

The long-term expected rate of return on OPEB plan investments was valued at 2.00%. A blend of expected earnings on District funds and the current yield for 20 year tax-exempt AA Municipal bond rate or higher as of the measurement date was used for all years of benefit payments.

Discount Rate

The discount rate is based upon the expected return of assets set aside in the Trust to pay benefits and investments from the general account of the District for the funding policy using a depletion date calculation. The Plan's fiduciary net position was not projected to be available to make all projected benefit payments of current active and inactive employees. Since the Trust has less than one year of benefit payments, the discount rate used of 2.16% represents the 20-Year GO Index from Bond Buyer at the measurement date of June 30, 2021.

**SCHOOL DISTRICT OF ELMBROOK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|---|-------------------------|--------------------------------|-----------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| | (a) | (b) | (a) - (b) |
| Balance at June 30, 2021 | \$ 8,334,304 | \$ 298,668 | \$ 8,035,636 |
| Changes for the Year: | | | |
| Service Cost | 58,960 | - | 58,960 |
| Interest | 169,473 | - | 169,473 |
| Differences Between Expected and Actual Experience | 750,404 | - | 750,404 |
| Effect of Changes in Assumptions | (1,131,540) | - | (1,131,540) |
| Contributions - Employer | - | 804,396 | (804,396) |
| Contributions - Retiree | - | 218,747 | (218,747) |
| Net Investment Income | - | 357 | (357) |
| Other Income | - | 107,569 | (107,569) |
| Benefit Payments | (1,100,543) | (1,100,543) | - |
| Net Changes | (1,253,246) | 30,526 | (1,283,772) |
| Balance at June 30, 2022 | <u>\$ 7,081,058</u> | <u>\$ 329,194</u> | <u>\$ 6,751,864</u> |

The differences between expected and actual experience and the effect of changes in assumptions are recognized in the current year, as the average remaining service life for all active and inactive members is considered one year.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

| | 1% Decrease to Discount Rate (2.54%) | Current Discount Rate (3.54%) | 1% Increase to Discount Rate (4.54%) |
|--------------------|--|-------------------------------------|--|
| Net OPEB Liability | \$ 7,354,007 | \$ 6,751,864 | \$ 6,238,941 |

**SCHOOL DISTRICT OF ELMBROOK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease (4.5% Decreasing to 3.4%) | Healthcare Cost Trend Rates (5.5% Decreasing to 4.4%) | 1% Increase (6.5% Decreasing to 5.4%) |
|--------------------|---|--|---|
| Net OPEB Liability | \$ 6,719,586 | \$ 6,751,864 | \$ 6,784,896 |

OPEB Plan Fiduciary Net Position

Information about the OPEB plan's fiduciary net position is presented in the Employee Benefit Trust Fund in these financial statements. Plan fiduciary net position was 4.65% of the total OPEB liability.

Investment Policy and Assumed Asset Allocation

Investments

The Plan does not have a separate investment policy from the District. At June 30, 2022, the Plan had no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Plan investments. The Plan's investments at June 30, 2022 consist entirely of deposits in the Cash Management Series with the Wisconsin Investment Series Cooperative. The asset allocation policy is to invest entirely in cash and short-term investments.

Money Weighted ROR

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 0.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**SCHOOL DISTRICT OF ELMBROOK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Other Postemployment Benefits (Continued)

Long-Term Expected Return on Plan Assets

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

| | Current Asset Allocation % | Long-Term Expected Arithmetic Real Rate of Return | Long-Term Expected Geometric Rate of Return % |
|-----------------------------------|-------------------------------|--|--|
| Cash | | | |
| Citigroup 90-Day T-Bills | 100% | 0.21% | -0.20% |
| Assumed Inflation - Mean | | 1.25% | 1.25% |
| Portfolio Real Mean Return | | 0.21% | 0.20% |
| Portfolio Nominal Mean Return | | 2.57% | 2.56% |
| Portfolio Standard Deviation | | 1.10% | 1.10% |
| Long-term Expected Rate of Return | | | 2.50% |

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$336,381. 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 |
|--|-----------------------------------|----------------------------------|
| Net Difference Between Projected and Actual Earnings on OPEB Plan Investments | <u>\$ 9,332</u> | <u>\$ -</u> |

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

| <u>Year Ended June 30,</u> | <u>Expense</u> |
|----------------------------|-----------------|
| 2023 | \$ 3,163 |
| 2022 | 2,744 |
| 2025 | 2,240 |
| 2026 | 1,185 |
| Total | <u>\$ 9,332</u> |

**SCHOOL DISTRICT OF ELMBROOK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity

Nonspendable Fund Balance

In the fund financial statements, portions of the governmental fund balances are amounts that cannot be spent because they are either 1) not in spendable form or 2) legally or contractually required to be maintained intact. At June 30, 2022, nonspendable fund balance was as follows:

| | General | Food Service Special Revenue |
|-------------------------------|-----------|---------------------------------|
| Nonspendable | | |
| Inventories and Prepaid Items | \$ 67,565 | \$ 3,470 |

Restricted Fund Balance

In the fund financial statements, portions of governmental fund balances are not available for appropriation or are legally restricted for use for a specific purpose. At June 30, 2022, restricted fund balance was as follows:

| | |
|-------------------------------|--------------|
| Special Revenue Funds: | |
| Restricted for: | |
| Community Service | \$ 298,418 |
| Expendable Gifts | 1,046,016 |
| Food Service | 1,904,731 |
| | |
| Capital Projects Funds: | |
| Restricted for: | |
| Capital Projects | 866,737 |
| | |
| Debt Service Funds: | |
| Restricted for: | |
| Debt Service | 1,851,502 |
| Total Restricted Fund Balance | \$ 5,967,404 |

**SCHOOL DISTRICT OF ELMBROOK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 DETAILED NOTES ON ALL FUNDS (CONTINUED)

H. Fund Equity (Continued)

Committed Fund Balance

In the fund financial statements, portions of government fund balances are committed by District Board action. At June 30, 2022, fund balance was committed as follows:

General Fund:

Committed for:

| | |
|---|--------------|
| Self-Funded Health Insurance | \$ 1,500,000 |
| Health Reimbursement Obligations | 700,000 |
| Total General Fund Committed Fund Balance | \$ 2,200,000 |

Assigned Fund Balance

Portions of governmental fund balances have been assigned to represent tentative management plans that are subject to change. At June 30, 2022, fund balance was assigned as follows:

General Fund:

Assigned for:

| | |
|--------------------|------------|
| Common School Fund | \$ 26,872 |
| Capital Projects | 12,295,174 |
| Total | 12,322,046 |

Long-Term Capital Projects

| | |
|---|------------|
| Assigned for subsequent year's expenditures | 11,205,920 |
|---|------------|

| | |
|-------|---------------|
| Total | \$ 23,527,966 |
|-------|---------------|

Minimum General Fund Balance Policy

The District has also adopted a minimum fund balance policy of 15% of subsequent year budgeted expenditures for the General Fund, Special Education Fund, Food Service Fund and Community Service Fund, less transfers between funds. The minimum fund balance is maintained for cash flow and working capital purposes. The minimum fund balance amount is calculated as follows:

| | |
|--|----------------|
| Budgeted 2021-2022 Expenditures (Less Transfers) | \$ 115,844,579 |
| Minimum Fund Balance % | (x) 15% |
| Minimum Fund Balance Amount | \$ 17,376,687 |

The District's unassigned General Fund balance as of June 30, 2022 was \$17,309,122.

**SCHOOL DISTRICT OF ELMBROOK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The District completes an annual review of its insurance coverage to ensure adequate coverage.

Self-funded Insurance Program

On September 1, 1988 the District established a self-funded health and dental plan for its employees. The plan administrators, Humana and Delta Dental are responsible for the approval, processing, and payments of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The Plan reports on a fiscal year ending December 31.

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

As part of the workman's compensation coverage of the Plan, the District purchases stop-loss coverage, which pays claims in excess of \$250,000 per individual and/or 125% of the annual estimated claims. The District has no stop-loss coverage for dental care coverage of the Plan.

Self-funded Insurance Program (Continued)

At June 30, 2022, the District has reported a liability of \$999,530 which represents reported and unreported claims which were incurred on or before June 30, 2022, but were not paid by the District as of that date. The amounts not reported to the District were determined by the Plan administrator. Changes in the claims liability for the years ended June 30, 2021 and June 30, 2022 are as follows:

| | Liability July 1 | Current Year Claims and Changes in Estimates | Claims Payments | Liability June 30 |
|------|---------------------|---|--------------------|----------------------|
| 2021 | 883,159 | 8,999,640 | 8,963,819 | 918,980 |
| 2022 | 918,980 | 10,847,680 | 10,767,130 | 999,530 |

**SCHOOL DISTRICT OF ELMBROOK
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 OTHER INFORMATION (CONTINUED)

A. Contingencies

The District participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

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

B. Limitation on School District Revenues

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

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

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

C. Prior Period Adjustments

During the fiscal year ended June 30, 2022 the District adopted GASB Statement No. 87 Leases. As a result of the implementation of this standard, the District recorded a prior period adjustment to increase net position by \$1,059,665.

REQUIRED SUPPLEMENTARY INFORMATION

*Draft - Preliminary
For Discussion Purposes Only
Subject to Change
Not to be Reproduced*

SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022

| | Budget | | Actual | Variance |
|---|----------------------|----------------------|----------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Property Taxes | \$ 77,312,566 | \$ 77,312,566 | \$ 77,312,566 | \$ - |
| Other Local Sources | 1,844,653 | 1,844,653 | 2,142,319 | 297,666 |
| Interdistrict Sources | 1,279,569 | 1,279,569 | 1,310,001 | 30,432 |
| Intermediate Sources | 19,104 | 19,104 | 19,868 | 764 |
| State Sources | 18,031,652 | 18,031,652 | 18,182,349 | 150,697 |
| Federal Sources | 868,555 | 3,611,783 | 3,956,178 | 344,395 |
| Other Sources | 230,000 | 230,000 | 764,900 | 534,900 |
| Total Revenues | <u>99,586,099</u> | <u>102,329,327</u> | <u>103,688,181</u> | <u>1,358,854</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Regular Instruction | 44,129,524 | 44,129,524 | 43,072,092 | 1,057,432 |
| Vocational Instruction | 1,926,227 | 1,926,227 | 1,911,915 | 14,312 |
| Other Instruction | 3,926,349 | 3,926,349 | 3,901,835 | 24,514 |
| Total Instruction | <u>49,982,100</u> | <u>49,982,100</u> | <u>48,885,842</u> | <u>1,096,258</u> |
| Support Services: | | | | |
| Pupil Services | 3,079,559 | 3,079,559 | 3,130,232 | (50,673) |
| Instructional Staff Services | 4,847,587 | 4,847,587 | 4,601,621 | 245,966 |
| General Administration Services | 952,505 | 952,505 | 967,749 | (15,244) |
| School Administration Services | 4,067,051 | 4,067,051 | 4,069,844 | (2,793) |
| Business Services | 1,446,271 | 1,446,271 | 1,071,894 | 374,377 |
| Operations and Maintenance of Plant | 12,818,780 | 12,818,780 | 9,408,236 | 3,410,544 |
| Pupil Transportation Services | 4,617,641 | 4,617,641 | 4,077,607 | 540,034 |
| Central Services | 958,950 | 958,950 | 919,845 | 39,105 |
| Insurance | 698,129 | 698,129 | 759,605 | (61,476) |
| Other Support Services | 1,970,415 | 1,970,415 | 2,444,703 | (474,288) |
| Total Support Services | <u>35,456,888</u> | <u>35,456,888</u> | <u>31,451,336</u> | <u>4,005,552</u> |
| Debt Service: | | | | |
| Principal | - | - | 456,623 | (456,623) |
| Interest and Fiscal Charges | 9,500 | 9,500 | 29,575 | (20,075) |
| Total Debt Service | <u>9,500</u> | <u>9,500</u> | <u>486,198</u> | <u>(476,698)</u> |
| Nonprogram: | | | | |
| General Tuition Payments | 2,094,572 | 2,094,572 | 2,266,308 | (171,736) |
| Adjustments and Refunds | 55,000 | 55,000 | (37,000) | 92,000 |
| Voucher Payments | 874,406 | 874,406 | 861,902 | 12,504 |
| Independent Charter Schools | - | - | 326,636 | (326,636) |
| Revenue Transits to Others | 518 | 518 | 26,507 | (25,989) |
| Total Nonprogram | <u>3,024,496</u> | <u>3,024,496</u> | <u>3,444,353</u> | <u>(419,857)</u> |
| Total Expenditures | <u>88,472,984</u> | <u>88,472,984</u> | <u>84,267,729</u> | <u>4,205,255</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | 11,113,115 | 13,856,343 | 19,420,452 | 5,564,109 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from Sale of Capital Assets | - | - | 25,107 | 25,107 |
| Transfers Out | (11,113,115) | (19,706,343) | (22,070,897) | (2,364,554) |
| Total Other Financing Sources (Uses) | <u>(11,113,115)</u> | <u>(19,706,343)</u> | <u>(22,045,790)</u> | <u>(2,339,447)</u> |
| NET CHANGE IN FUND BALANCE | - | (5,850,000) | (2,625,338) | 3,224,662 |
| Fund Balance - July 1 | <u>34,524,072</u> | <u>34,524,072</u> | <u>34,524,072</u> | <u>-</u> |
| FUND BALANCE - JUNE 30 | <u>\$ 34,524,072</u> | <u>\$ 28,674,072</u> | <u>\$ 31,898,734</u> | <u>\$ 3,224,662</u> |

See accompany Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
SPECIAL EDUCATION SPECIAL REVENUE FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2022**

| | Budget | | Actual | Variance |
|--|-------------------|-------------------|-------------------|--|
| | Original | Final | | Final Budget - Positive (Negative) |
| REVENUES | | | | |
| Interdistrict Sources | \$ 1,254,119 | \$ 1,254,119 | \$ 1,229,210 | \$ (24,909) |
| Intermediate Sources | 5,000 | 5,000 | 14,654 | 9,654 |
| State Sources | 4,442,928 | 4,442,928 | 4,629,290 | 186,362 |
| Federal Sources | 2,986,662 | 2,986,662 | 2,229,859 | (756,803) |
| Other Sources | 660 | 660 | 29,272 | 28,612 |
| Total Revenues | <u>8,689,369</u> | <u>8,689,369</u> | <u>8,132,285</u> | <u>(557,084)</u> |
| EXPENDITURES | | | | |
| Instruction: | | | | |
| Special Education Instruction | 13,692,940 | 13,692,940 | 12,745,369 | 947,571 |
| Other Instruction | 4,003 | 4,003 | 4,003 | - |
| Total Instruction | <u>13,696,943</u> | <u>13,696,943</u> | <u>12,749,372</u> | <u>947,571</u> |
| Support Services: | | | | |
| Pupil Services | 2,304,212 | 2,304,212 | 2,303,535 | 677 |
| Instructional Staff Services | 1,189,172 | 1,189,172 | 1,106,367 | 82,805 |
| General Administration Services | 5,000 | 5,000 | 22,365 | (17,365) |
| School Administration Services | 37,312 | 37,312 | 39,262 | (1,950) |
| Business Services | 8,233 | 8,233 | 8,621 | (388) |
| Operation and Maintenance of Plant | 248,142 | 248,142 | 245,682 | 2,460 |
| Pupil Transportation Services | 828,049 | 828,049 | 720,855 | 107,194 |
| Central Services | 10,000 | 10,000 | 7,192 | 2,808 |
| Insurance | 125,424 | 125,424 | 119,624 | 5,800 |
| Other Support Services | - | - | - | - |
| Total Support Services | <u>4,755,544</u> | <u>4,755,544</u> | <u>4,573,503</u> | <u>182,041</u> |
| Debt Service: | | | | |
| Principal | - | - | 12,698 | (12,698) |
| Interest and Fiscal Charges | - | - | 331 | (331) |
| Total Debt Service | <u>-</u> | <u>-</u> | <u>13,029</u> | <u>(13,029)</u> |
| Nonprogram: | | | | |
| Special Education Tuition Payments | 1,135,996 | 1,135,996 | 1,141,378 | (5,382) |
| Revenue Transits to Others | 214,001 | 214,001 | 225,900 | (11,899) |
| Total Nonprogram | <u>1,349,997</u> | <u>1,349,997</u> | <u>1,367,278</u> | <u>(17,281)</u> |
| Total Expenditures | <u>19,802,484</u> | <u>19,802,484</u> | <u>18,703,182</u> | <u>1,099,302</u> |
| Excess of Revenues Under Expenditures | (11,113,115) | (11,113,115) | (10,570,897) | 542,218 |
| OTHER FINANCING SOURCES | | | | |
| Transfers In | 11,113,115 | 11,113,115 | 10,570,897 | (542,218) |
| NET CHANGE IN FUND BALANCE | | | | |
| | - | - | - | - |
| Fund Balance - July 1 | - | - | - | - |
| FUND BALANCE - JUNE 30 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See accompany Notes to Required Supplementary Information.

SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS*

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | | |
| Service Cost | \$ 58,960 | \$ 57,348 | \$ 63,685 | \$ 50,978 | \$ 51,150 | \$ 104,273 |
| Interest | 169,473 | 192,543 | 252,881 | 318,972 | 240,053 | 250,147 |
| Differences Between Expected and Actual | | | | | | |
| Experience | 750,404 | 50,998 | 1,702,041 | (86,344) | 2,972,273 | - |
| Changes of Assumptions | (1,131,540) | 36,446 | 975,847 | 216,447 | (191,458) | (539,715) |
| Benefit Payments | (1,100,543) | (1,308,896) | (1,685,657) | (1,375,285) | (1,693,010) | (1,974,620) |
| Net Change in Total OPEB Liability | (1,253,246) | (971,561) | 1,308,797 | (875,232) | 1,379,008 | (2,159,915) |
| Total OPEB Liability - Beginning | 8,334,304 | 9,305,865 | 7,997,068 | 8,872,300 | 7,493,292 | 9,653,207 |
| Total OPEB Liability - Ending (a) | <u>\$ 7,081,058</u> | <u>\$ 8,334,304</u> | <u>\$ 9,305,865</u> | <u>\$ 7,997,068</u> | <u>\$ 8,872,300</u> | <u>\$ 7,493,292</u> |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - Employer | \$ 804,396 | \$ 946,854 | \$ 1,847,235 | \$ 1,216,340 | \$ 1,641,180 | \$ 1,909,856 |
| Contributions - Retiree | 218,747 | 293,303 | - | - | - | 356 |
| Net Investment Income | 357 | 99 | 674 | 2,469 | 2,557 | - |
| Other Income | 107,569 | 126,440 | - | - | - | - |
| Benefit Payments | (1,100,543) | (1,308,896) | (1,685,657) | (1,375,285) | (1,693,010) | (1,974,620) |
| Net Change in Plan Fiduciary Net Position | 30,526 | 57,800 | 162,252 | (156,476) | (49,273) | (64,408) |
| Plan Fiduciary Net Position - Beginning | 298,668 | 240,868 | 78,616 | 235,092 | 284,365 | 348,773 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 329,194</u> | <u>\$ 298,668</u> | <u>\$ 240,868</u> | <u>\$ 78,616</u> | <u>\$ 235,092</u> | <u>\$ 284,365</u> |
| District's Net OPEB Liability - Ending (a) - (b) | <u>\$ 6,751,864</u> | <u>\$ 8,035,636</u> | <u>\$ 9,064,997</u> | <u>\$ 7,918,452</u> | <u>\$ 8,637,208</u> | <u>\$ 7,208,927</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 4.65% | 3.58% | 2.59% | 0.98% | 2.65% | 3.79% |
| Covered-Employee Payroll | \$ 2,117,713 | \$ 2,830,226 | \$ 2,980,193 | \$ 4,130,387 | \$ 4,130,387 | \$ 6,751,401 |
| District's Net OPEB Liability as a Percentage of Covered-Employee Payroll | 318.83% | 283.92% | 304.17% | 191.71% | 209.11% | 106.78% |
| Annual Weighted Money-Weighted Rate of Return Net of Investment Expenses | 0.11% | 0.04% | 0.41% | 1.65% | 1.00% | 0.11% |

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

See accompany Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF EMPLOYER CONTRIBUTIONS –
OTHER POSTEMPLOYMENT BENEFIT PLAN
LAST 10 FISCAL YEARS***

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------------------|---------------------|-----------------------|---------------------|-----------------------|-----------------------|
| Actuarially Determined Contribution (ADC) | \$ 775,809 | \$ 475,148 | \$ 496,451 | \$ 544,587 | \$ 448,878 | \$ 524,055 |
| Contributions in Relation to the ADC | 804,396 | 946,854 | 1,847,235 | 1,216,340 | 1,641,180 | 1,909,856 |
| Contribution Deficiency (Excess) | <u>\$ (28,587)</u> | <u>\$ (471,706)</u> | <u>\$ (1,350,784)</u> | <u>\$ (671,753)</u> | <u>\$ (1,192,302)</u> | <u>\$ (1,385,801)</u> |
| Covered-Employee Payroll | \$ 2,117,713 | \$ 2,830,226 | \$ 2,980,193 | \$ 3,842,286 | \$ 4,130,387 | \$ 6,751,401 |
| Contributions as a Percentage of Covered-Employee Payroll | 37.98% | 33.46% | 61.98% | 31.66% | 39.73% | 28.29% |

Key Methods and Assumption Used to Calculate ADC

| | | | | | | |
|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Actuarial Cost Method | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal | Entry Age Normal |
| Asset Valuation Method | Market Value | Market Value | Market Value | Market Value | Market Value | Market Value |
| Amortization Method | 30 Year Level Dollar | 30 Year Level Dollar | 30 Year Level Dollar | 30 Year Level Dollar | 30 Year Level Dollar | 30 Year Level Dollar |
| Discount Rate | 3.54% | 2.21% | 2.21% | 3.50% | 3.87% | 3.58% |
| Inflation | 3.00% | 2.20% | 2.20% | 2.30% | 2.30% | 2.30% |

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

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**SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
AND SCHEDULE OF CONTRIBUTIONS – WISCONSIN RETIREMENT SYSTEM
LAST 10 FISCAL YEARS**

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

| Plan Year Ending | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Covered Payroll | Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset) |
|------------------|---|--|-----------------|---|--|
| 12/31/14 | 0.35702406% | \$ (8,769,488) | \$ 48,610,258 | 18.04% | 102.74% |
| 12/31/15 | 0.35060492% | 5,697,262 | 48,828,821 | 11.67% | 98.20% |
| 12/31/16 | 0.34475407% | 2,841,597 | 49,299,927 | 5.76% | 99.12% |
| 12/31/17 | 0.34092993% | (10,122,614) | 50,039,011 | 20.23% | 102.93% |
| 12/31/18 | 0.33460754% | 11,904,287 | 50,144,571 | 23.74% | 96.45% |
| 12/31/19 | 0.32800146% | (10,576,264) | 51,408,410 | 20.57% | 102.96% |
| 12/31/20 | 0.32187976% | (20,095,399) | 53,198,210 | 37.77% | 105.26% |
| 12/31/21 | 0.31990092% | (25,784,602) | 55,222,552 | 46.69% | 106.02% |

SCHEDULE OF CONTRIBUTIONS

| Fiscal Year Ending | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------|--------------------------------------|---|----------------------------------|-----------------|--|
| 6/30/15 | \$ 3,354,430 | \$ 3,354,430 | \$ - | \$ 48,796,860 | 6.87% |
| 6/30/16 | 3,242,653 | 3,242,653 | - | 48,580,989 | 6.67% |
| 6/30/17 | 3,336,103 | 3,336,103 | - | 49,615,429 | 6.72% |
| 6/30/18 | 2,998,873 | 2,998,873 | - | 44,471,293 | 6.74% |
| 6/30/19 | 2,917,328 | 2,917,328 | - | 44,068,975 | 6.62% |
| 6/30/20 | 3,498,815 | 3,498,815 | - | 52,598,195 | 6.65% |
| 6/30/21 | 3,652,677 | 3,652,677 | - | 53,197,210 | 6.87% |
| 6/30/22 | 3,739,431 | 3,739,431 | - | 60,275,380 | 6.77% |

See accompany Notes to Required Supplementary Information.

**SCHOOL DISTRICT OF ELMBROOK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 WISCONSIN RETIREMENT SYSTEM

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

Changes of Assumptions:

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

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

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

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

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

NOTE 2 OTHER POSTEMPLOYMENT BENEFITS

There were no changes of benefit terms.

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

SCHOOL DISTRICT OF ELMBROOK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

**SCHOOL DISTRICT OF ELMBROOK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

- Encumbrance accounting is used by the District as an extension of formal budgetary control during the year.
- The DPI requires the District to separate special education revenues and expenditures from other General Fund amounts.

The District did not have any material violation of legal or contractual provisions for the fiscal year ended June 30, 2022.

Budgetary Information

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

| | General | Special Education Fund |
|--|----------------|------------------------------|
| Revenues | | |
| Actual Amounts (Budgetary Basis) | \$ 103,688,181 | \$ 8,132,285 |
| Reclassification of Special Education | 8,132,285 | (8,132,285) |
| Total Revenues | 111,820,466 | - |
| Expenditures | | |
| Actual Amounts (Budgetary Basis) | 84,267,729 | 18,703,182 |
| Reclassification of Special Education | 18,703,182 | (18,703,182) |
| Total Expenditures | 102,970,911 | - |
| Excess of Revenues Over (Under) Expenditures | | |
| Actual Amounts (Budgetary Basis) | 19,420,452 | (10,570,897) |
| Reclassification of Special Education | (10,570,897) | 10,570,897 |
| Excess of Revenues Over (Under) Expenditures | 8,849,555 | - |
| Other Financing Sources (Uses) | | |
| Actual Amounts (Budgetary Basis) | (22,045,790) | 10,570,897 |
| Reclassification of Special Education | 10,570,897 | (10,570,897) |
| Total Other Financing Sources (Uses) | (11,474,893) | - |
| Net Change in Fund Balance | | |
| Actual Amounts (Budgetary Basis) | (2,625,338) | - |
| Fund Balance - July 1 | | |
| Actual Amounts (Budgetary Basis) | 34,524,072 | - |
| Fund Balance - June 30 | | |
| Actual Amounts (Budgetary Basis) | \$ 31,898,734 | \$ - |

**SCHOOL DISTRICT OF ELMBROOK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 3 BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Budgetary Information (Continued)

Excess of Expenditures over Budget Appropriations

The following expenditure accounts of the governmental funds had actual expenditures in excess of budget appropriations for the year ended June 30, 2022 as follows:

| Funds | Excess Expenditures |
|------------------------------------|------------------------|
| General Fund: | |
| Support Services: | |
| Pupil Services | \$ 50,673 |
| General Administration Services | 15,244 |
| School Administration Services | 2,793 |
| Insurance | 61,476 |
| Other Support Services | 474,288 |
| Central Services | |
| Debt Service: | |
| Principal | 456,623 |
| Interest | 20,075 |
| Nonprogram: | |
| General Tuition Payments | 171,736 |
| Independent Charter Schools | 326,636 |
| Revenue Transits to Others | 25,989 |
| Special Education Fund: | |
| Support Services: | |
| General Administration Services | 17,365 |
| School Administration Services | 1,950 |
| Business Services | 388 |
| Debt Service: | |
| Principal | 12,698 |
| Interest and Fiscal Charges | 331 |
| Nonprogram: | |
| Special Education Tuition Payments | 5,382 |
| Revenue Transits to Others | 11,899 |

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SUPPLEMENTARY INFORMATION

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**SCHOOL DISTRICT OF ELMBROOK
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

| | Special Revenue | | |
|---------------------------------------|---------------------|---------------------|-------------------|
| | Donations | Food Service | Community Service |
| ASSETS | | | |
| Cash and Investments | \$ 1,053,775 | \$ 1,961,736 | \$ 141,559 |
| Receivables: | | | |
| Taxes | - | - | 178,250 |
| Due from Other Governments | - | 140,256 | - |
| Inventories and Prepaid Items | - | 3,470 | - |
| | <u>-</u> | <u>3,470</u> | <u>-</u> |
| Total Assets | <u>\$ 1,053,775</u> | <u>\$ 2,105,462</u> | <u>\$ 319,809</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 7,759 | \$ 8,062 | \$ 10,250 |
| Accrued and Other Current Liabilities | - | 16,085 | 11,141 |
| Unearned Revenues | - | 173,114 | - |
| Total Liabilities | <u>7,759</u> | <u>197,261</u> | <u>21,391</u> |
| FUND BALANCES | | | |
| Nonspendable | - | 3,470 | - |
| Restricted | 1,046,016 | 1,904,731 | 298,418 |
| Total Fund Balances | <u>1,046,016</u> | <u>1,908,201</u> | <u>298,418</u> |
| | <u>\$ 1,053,775</u> | <u>\$ 2,105,462</u> | <u>\$ 319,809</u> |

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**SCHOOL DISTRICT OF ELMBROOK
COMBINING BALANCE SHEET –
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022**

| | <u>Debt Service Non- Referendum Debt Service</u> | <u>Capital Projects Capital Projects</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|--|--|--|
| ASSETS | | | |
| Cash and Investments | \$ 382,321 | \$ 866,737 | \$ 4,406,128 |
| Receivables: | | | |
| Taxes | 478,845 | - | 657,095 |
| Due from Other Governments | - | - | 140,256 |
| Inventories and Prepaid Items | - | - | 3,470 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 861,166</u> | <u>\$ 866,737</u> | <u>\$ 5,206,949</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ - | \$ - | \$ 26,071 |
| Accrued and Other Current Liabilities | - | - | 27,226 |
| Unearned Revenues | - | - | 173,114 |
| Total Liabilities | <u> </u> | <u> </u> | <u>226,411</u> |
| FUND BALANCES | | | |
| Nonspendable | - | - | 3,470 |
| Restricted | 861,166 | 866,737 | 4,977,068 |
| Total Fund Balances | <u>861,166</u> | <u>866,737</u> | <u>4,980,538</u> |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities and Fund Balances | <u>\$ 861,166</u> | <u>\$ 866,737</u> | <u>\$ 5,206,949</u> |

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**SCHOOL DISTRICT OF ELMBROOK
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

| | Special Revenue | | |
|---|---------------------|---------------------|-------------------|
| | Donations | Food Service | Community Service |
| REVENUES | | | |
| Property Taxes | \$ - | \$ - | \$ 671,464 |
| Other local Sources | 2,053,560 | 1,028,465 | - |
| State Sources | - | 84,591 | - |
| Federal Sources | - | 3,693,192 | - |
| Other Sources | - | 18,514 | - |
| Total Revenues | <u>2,053,560</u> | <u>4,824,762</u> | <u>671,464</u> |
| EXPENDITURES | | | |
| Instruction: | | | |
| Regular Instruction | 107,607 | - | - |
| Other Instruction | 1,619,301 | - | - |
| Total Instruction | <u>1,726,908</u> | <u>-</u> | <u>-</u> |
| Support Services: | | | |
| Instructional Staff Services | 90,555 | - | - |
| School Administration Services | 10,760 | - | - |
| Business Services | 351 | 10 | - |
| Operations and Maintenance of Plant | 49,916 | 202,427 | 414,236 |
| Pupil Transportation Services | 63,767 | - | - |
| Food Services | - | 3,072,551 | - |
| Insurance | - | 27,769 | - |
| Other Support Services | 10,783 | - | - |
| Total Support Services | <u>226,132</u> | <u>3,302,757</u> | <u>414,236</u> |
| Debt Service: | | | |
| Principal | 9,540 | - | - |
| Interest and Fiscal Charges | 161 | - | - |
| Total Debt Service | <u>9,701</u> | <u>-</u> | <u>-</u> |
| Community Service | - | - | 253,183 |
| Nonprogram: | | | |
| Revenue Transits to Others | 4,997 | - | - |
| Total Nonprogram | <u>4,997</u> | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>1,967,738</u> | <u>3,302,757</u> | <u>667,419</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 85,822 | 1,522,005 | 4,045 |
| OTHER FINANCING SOURCES | | | |
| Proceeds from Sale of Capital Assets | - | - | - |
| NET CHANGE IN FUND BALANCES | 85,822 | 1,522,005 | 4,045 |
| Fund Balances - July 1 | 960,194 | 386,196 | 294,373 |
| FUND BALANCES - JUNE 30 | <u>\$ 1,046,016</u> | <u>\$ 1,908,201</u> | <u>\$ 298,418</u> |

**SCHOOL DISTRICT OF ELMBROOK
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

| | Debt Service Non Referendum Debt Service | Capital Projects Capital Projects | Total Nonmajor Governmental Funds |
|---|---|---|--|
| REVENUES | | | |
| Property Taxes | \$ 1,803,817 | \$ - | \$ 2,475,281 |
| Other local Sources | 1 | 967 | 3,082,993 |
| State Sources | - | - | 84,591 |
| Federal Sources | - | - | 3,693,192 |
| Other Sources | 104,708 | - | 123,222 |
| Total Revenues | <u>1,908,526</u> | <u>967</u> | <u>9,459,279</u> |
| EXPENDITURES | | | |
| Instruction: | | | |
| Regular Instruction | - | - | 107,607 |
| Other Instruction | - | - | 1,619,301 |
| Total Instruction | <u>-</u> | <u>-</u> | <u>1,726,908</u> |
| Support Services: | | | |
| Instructional Staff Services | - | - | 90,555 |
| School Administration Services | - | - | 10,760 |
| Business Services | - | - | 361 |
| Operations and Maintenance of Plant | - | - | 666,579 |
| Pupil Transportation Services | - | - | 63,767 |
| Food Services | - | - | 3,072,551 |
| Insurance | - | - | 27,769 |
| Other Support Services | - | - | 10,783 |
| Total Support Services | <u>-</u> | <u>-</u> | <u>3,943,125</u> |
| Debt Service: | | | |
| Principal | 1,725,000 | - | 1,734,540 |
| Interest and Fiscal Charges | 203,026 | - | 203,187 |
| Total Debt Service | <u>1,928,026</u> | <u>-</u> | <u>1,937,727</u> |
| Community Service | - | - | 253,183 |
| Nonprogram: | | | |
| Revenue Transits to Others | - | - | 4,997 |
| Total Nonprogram | <u>-</u> | <u>-</u> | <u>4,997</u> |
| Total Expenditures | <u>1,928,026</u> | <u>-</u> | <u>7,865,940</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (19,500) | 967 | 1,593,339 |
| OTHER FINANCING SOURCES | | | |
| Proceeds from Sale of Capital Assets | - | 865,770 | 865,770 |
| NET CHANGE IN FUND BALANCES | (19,500) | 866,737 | 2,459,109 |
| Fund Balances - July 1 | 880,666 | - | 2,521,429 |
| FUND BALANCES - JUNE 30 | <u>\$ 861,166</u> | <u>\$ 866,737</u> | <u>\$ 4,980,538</u> |

**ADDITIONAL INDEPENDENT AUDITORS' REPORT
FOR BASIC FINANCIAL STATEMENTS**

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

Board of Education
School District of Elmbrook
Brookfield, Wisconsin

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District of Elmbrook, 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 Elmbrook's basic financial statements, and have issued our report thereon dated REPORT DATE.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether School District of Elmbrook’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001.

School District of Elmbrook’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District of Elmbrook’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. School District of Elmbrook’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 entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
REPORT DATE

FEDERAL AND STATE AWARDS

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**INDEPENDENT AUDITORS' 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 Elmbrook
Brookfield, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited School District of Elmbrook's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *Wisconsin State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of School District of Elmbrook's major federal and state programs for the year ended June 30, 2022. School District of Elmbrook's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, School District of Elmbrook complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 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; 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*. Our responsibilities under those standards, the Uniform Guidance, and the *State Single Audit Guidelines* are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of School District of Elmbrook 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 Elmbrook'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 Elmbrook’s federal and state programs.

Auditors’ Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding School District of Elmbrook’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 Elmbrook’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of School District of Elmbrook’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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

CliftonLarsonAllen LLP

Milwaukee, Wisconsin
REPORT DATE

**SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022**

| Grantor Agency/Federal Program Title | Assistance Listing Number | Pass-Through Agency | Pass-Through Entity Identifying Number | (Accrued) Deferred Revenue 7/1/21 | Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/22 | Total Expenditures | Subrecipient Payments |
|---|---------------------------------|------------------------|---|--|--------------------------------|---|-----------------------|--------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | |
| <i>Child Nutrition Cluster</i> | | | | | | | | |
| COVID 19 -School Breakfast Program | 10.553 | WI DPI | 2021-670714-DPI-SB-546 | \$ (17,265) | \$ 17,265 | \$ - | \$ - | \$ - |
| COVID 19 -School Breakfast Program | 10.553 | WI DPI | 2022-670714-DPI-SB-546 | - | 537,067 | 27,936 | 565,003 | - |
| Total School Breakfast Program | | | | (17,265) | 554,332 | 27,936 | 565,003 | - |
| | | | | | | | | |
| National School Lunch Program | | | | | | | | |
| Meal Reimbursements | 10.555 | WI DPI | 2021-670714-DPI-NSL-547 | (80,944) | 80,944 | - | - | - |
| Meal Reimbursements | 10.555 | WI DPI | 2022-670714-DPI-NSL-547 | - | 2,837,631 | 112,320 | 2,949,951 | - |
| Donated Commodities | 10.555 | WI DPI | 2022-670714-DPI-NSL-547 | - | 178,238 | - | 178,238 | - |
| Total National School Lunch Program | | | | (80,944) | 3,096,813 | 112,320 | 3,128,189 | - |
| | | | | | | | | |
| Total U.S. Department of Agriculture and Child Nutrition Cluster | | | | (98,209) | 3,651,145 | 140,256 | 3,693,192 | - |
| | | | | | | | | |
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | WI DPI | 2021-670714-DPI-TIA-141 | (34,052) | 34,052 | - | - | - |
| Title I Grants to Local Educational Agencies | 84.010 | WI DPI | 2022-670714-DPI-TIA-141 | - | 103,716 | 40,268 | 143,984 | - |
| Total Title I Grants to Local Educational Agencies | | | | (34,052) | 137,768 | 40,268 | 143,984 | - |
| | | | | | | | | |
| <i>Special Education Cluster (IDEA)</i> | | | | | | | | |
| Special Education Grants to States | | | | | | | | |
| Flow Through Entitlement | 84.027A | WI DPI | 2021-670714-DPI-IDEA-FT-341 | (433,601) | 433,601 | - | - | - |
| Flow Through Entitlement | 84.027A | WI DPI | 2022-670714-DPI-FLOW-341 | - | 1,250,889 | 389,241 | 1,640,130 | - |
| Flow Through Entitlement | 84.027X | WI DPI | 2022-670714-DPI-FLOW-341 | - | 253,093 | - | 253,093 | - |
| Coordinated Early Intervening Services (CEIS) | 84.027A | WI DPI | 2021-670714-DPI-IDEA-FT-341 | (20,553) | 20,553 | - | - | - |
| Coordinated Early Intervening Services (CEIS) | 84.027A | WI DPI | 2022-670714-DPI-FLOW-341 | - | 30,765 | 75,422 | 106,187 | - |
| Coordinated Early Intervening Services (CEIS) | 84.027X | WI DPI | 2022-670714-DPI-FLOW-341 | - | 132,370 | - | 132,370 | - |
| Special Education Preschool Grants | 84.173A | WI DPI | 2021-670714-DPI-IDEA-P-347 | (15,836) | 15,836 | - | - | - |
| Special Education Preschool Grants | 84.173A | WI DPI | 2022-670714-DPI-PRESCH-347 | - | 23,229 | 29,862 | 53,091 | - |
| Special Education Preschool Grants | 84.173X | WI DPI | 2022-670714-DPI-PRESCH-347 | - | 43,700 | - | 43,700 | - |
| Total Special Education Grants to States | | | | (469,990) | 2,204,036 | 494,525 | 2,228,571 | - |
| | | | | | | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | CESA #1 | N/A | - | 19,868 | - | 19,868 | - |

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

**SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2022**

| Grantor Agency/Federal Program Title | Assistance Listing Number | Pass-Through | Pass-Through Entity Identifying | (Accrued) Deferred Revenue | Cash Received | Accrued (Deferred) Revenue | Total | Subrecipient |
|--|---------------------------------|--------------|---------------------------------------|----------------------------------|---------------------|----------------------------------|---------------------|--------------|
| U.S. DEPARTMENT OF EDUCATION (CONTINUED) | | | | | | | | |
| English Language Acquisition State Grants | 84.365 | WI DPI | 2021-670714-DPI-TIIIA-391 | (6,285) | 6,285 | - | - | - |
| English Language Acquisition State Grants | 84.365 | WI DPI | 2022-670714-DPI-TIIIA-391 | - | 39,942 | 8,260 | 48,202 | - |
| Total English Language Acquisition State Grants | | | | (6,285) | 46,227 | 8,260 | 48,202 | - |
| Improving Teacher Quality State Grants | 84.367 | WI DPI | 2021-670714-DPI-TIIA-365 | (24,737) | 24,737 | - | - | - |
| Improving Teacher Quality State Grants | 84.367 | WI DPI | 2022-670714-DPI-TIIA-365 | - | 73,766 | 15,353 | 89,119 | - |
| Improving Teacher Quality State Grants | 84.367A | WI DPI | 2022-670714-DPI-TIIADISC-365 | - | - | 1,466 | 1,466 | - |
| Total Improving Teacher Quality State Grants | | | | (24,737) | 98,503 | 16,819 | 90,585 | - |
| Student Support and Academic Enrichment Program | 84.424 | WI DPI | 2021-670714-DPI-TIV-A-381 | (769) | 769 | - | - | - |
| Student Support and Academic Enrichment Program | 84.424 | WI DPI | 2021-670714-DPI-TIV-A-381 | - | 1,289 | 2,464 | 3,753 | - |
| Total Student Support and Academic Enrichment Program | | | | (769) | 2,058 | 2,464 | 3,753 | - |
| Elementary and Secondary School Emergency Relief - I | 84.425 | WI DPI | 2021-670714-DPI-ESSERF-160 | (14,475) | 14,475 | - | - | - |
| Elementary and Secondary School Emergency Relief - II | 84.425 | WI DPI | 2021-670714-DPI-ESSERF-160 | (420,448) | 420,448 | 1,756,255 | 1,756,255 | - |
| Elementary and Secondary School Emergency Relief - III | 84.425 | WI DPI | 2021-670714-DPI-ESSERF-160 | (946,579) | - | 946,579 | - | - |
| Total Elementary and Secondary School Emergency Relief | | | | (1,381,502) | 434,923 | 2,702,834 | 1,756,255 | - |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | |
| <i>Medicaid Cluster</i> | | | | | | | | |
| Medical Assistance Program | 93.778 | WI DHS | 44210600 | (30,797) | 30,797 | - | - | - |
| Medical Assistance Program | 93.778 | WI DHS | 44210600 | - | 610,288 | 10,833 | 621,121 | - |
| Total Medicaid Cluster | | | | (30,797) | 641,085 | 10,833 | 621,121 | - |
| Total U.S. Department of Health and Human Services | | | | (30,797) | 641,085 | 10,833 | 621,121 | - |
| State of Wisconsin - FEMA Disaster 4520 | 97.036 | Direct | N/A | - | 198,622 | - | 198,622 | - |
| Total Federal Awards | | | | <u>\$ (2,046,341)</u> | <u>\$ 7,235,613</u> | <u>\$ 3,416,259</u> | <u>\$ 8,804,153</u> | <u>\$ -</u> |

RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

| | |
|---|---------------------|
| Federal Sources | \$ 9,879,229 |
| Intermediate Sources | 19,868 |
| Less: Federal Sources Not Considered Federal Financial Assistance | |
| Governor CRF Aid | (986,973) |
| Kids Get Ahead Funds | (107,971) |
| Interdistrict - Milwaukee Public School District | |
| Total Federal Awards | <u>\$ 8,804,153</u> |

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

**SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED JUNE 30, 2022**

| Grantor Agency/State Program Title | State I.D. Number | Pass-Through Agency | State Identifying Number | (Accrued) Deferred Revenue 7/1/20 | Cash Received (Refunded) | Accrued (Deferred) Revenue 6/30/21 | Total Expenditures | Subrecipient Payments |
|--|----------------------|------------------------|--------------------------------|--|--------------------------------|---|-----------------------|--------------------------|
| WISCONSIN DEPARTMENT OF PUBLIC INSTRUCTION | | | | | | | | |
| Special Education and School Age Parents | 255.101 | Direct Program | 670714-100 | \$ - | \$ 4,131,648 | \$ - | \$ 4,131,648 | \$ - |
| Special Education and School Age Parents | 255.101 | CESA #1 | N/A | (4,619) | 15,399 | 3,874 | 14,654 | - |
| State School Lunch Aid | 255.102 | Direct Program | 670714-107 | - | 84,592 | - | 84,592 | - |
| Common School Fund Library Aid | 255.103 | Direct Program | 670714-104 | - | 406,885 | - | 406,885 | - |
| General Transportation Aid | 255.107 | Direct Program | 670714-102 | - | 166,496 | - | 166,496 | - |
| Equalization Aids | 255.201 | Direct Program | 670714-116 | (48,410) | 8,877,036 | - | 8,828,626 | - |
| Integration Transfer - Non Resident | 255.204 | Direct Program | 670714-106 | - | 421,875 | - | 421,875 | - |
| High Cost Special Education Aid | 255.210 | Direct Program | 670714-119 | - | 474,688 | - | 474,688 | - |
| Aid for School Mental Health Programs | 255.227 | Direct Program | 670714-176 | - | - | 46,269 | 46,269 | - |
| Special Education Transition Readiness Grant | 255.257 | Direct Program | 670714-174 | - | 22,954 | - | 22,954 | - |
| Special Education Transition Readiness Grant | 255.257 | SD of Menomonee Falls | 670714-174 | (77) | 77 | - | - | - |
| School Based Mental Health Services Grant | 255.297 | Direct Program | 670714-177 | (27,691) | 93,840 | - | 66,149 | - |
| AODA Program Grants | 255.321 | Direct Program | 670714-178 | - | - | 500 | 500 | - |
| WI Grants to Support Gifted and Talented | 255.350 | Direct Program | 670714-139 | (17,626) | 17,626 | 18,475 | 18,475 | - |
| Early College Credit Program | 255.445 | Direct Program | 670714-178 | - | 6,376 | - | 6,376 | - |
| Educator Effective Evaluation System | 255.940 | Direct Program | 670714-154 | - | - | 44,800 | 44,800 | - |
| Per Pupil Aid | 255.945 | Direct Program | 670714-113 | - | 5,476,702 | - | 5,476,702 | - |
| Career and Technical Education Incentive Grants | 255.950 | Direct Program | 670714-152 | - | - | 22,786 | 22,786 | - |
| Assessments of Reading Readiness | 255.956 | Direct Program | 670714-166 | - | 15,008 | - | 15,008 | - |
| Robotics Lead Participation Grants Public | 255.959 | Direct Program | 670714-167 | - | 15,800 | - | 15,800 | - |
| Aid for Special Ed Transition Grant BBL | 255.960 | Direct Program | 670714-168 | - | 1,200,000 | - | 1,200,000 | - |
| Total Wisconsin Department of Public Instruction | | | | (98,423) | 21,427,002 | 136,704 | 21,465,283 | - |
| WISCONSIN DEPARTMENT OF WORKFORCE DEVELOPMENT | | | | | | | | |
| Teacher Training and Development Grant | 445.109 | Direct Program | N/A | (12,705) | 12,705 | - | - | - |
| Total Wisconsin Department of Workforce Development | | | | (12,705) | 12,705 | - | - | - |
| WISCONSIN HIGHER EDUCATION AIDS BOARD | | | | | | | | |
| Dual Enrollment Credential Grant | 235.UNK | Direct Program | N/A | - | 9,798 | - | 9,798 | - |
| Total Wisconsin Higher Education Aids Board | | | | - | 9,798 | - | 9,798 | - |
| Total State Awards | | | | \$ (111,128) | \$ 21,449,505 | \$ 136,704 | \$ 21,475,081 | \$ - |

RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

| | |
|---|----------------------|
| State Sources | \$ 22,896,230 |
| Less: State Sources Not Considered State Financial Assistance | |
| State Tax Computer Aid | (1,068,800) |
| Personal Property Aid | (366,848) |
| Other State Revenue | (155) |
| Intermediate & Inter-district Sources | 14,654 |
| Total State Awards | <u>\$ 21,475,081</u> |

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

**SCHOOL DISTRICT OF ELMBROOK
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2022**

NOTE 1 BASIS OF PRESENTATION

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

The schedules of expenditures of federal and state awards include all federal and state awards of the District. 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.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedules are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the District's 2022 fund financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the District in the succeeding year while unearned revenue represents advances for federal and state programs that exceed recorded District expenditures. Because of subsequent program adjustments, these amounts may differ from the prior year's ending balances.

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

NOTE 3 SPECIAL EDUCATION AND SCHOOL AGE PARENTS PROGRAM

The 2021 - 2022 eligible costs under the State Special Education Program as reported by the District are \$14,842,797. Compiled information required by compliance requirement 1-1 of the Special Education Audit Program was reported to the Wisconsin Department of Public Instruction.

NOTE 4 FOOD DISTRIBUTION

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

**SCHOOL DISTRICT OF ELMBROOK
NOTE TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2022**

NOTE 5 OVERSIGHT AGENCIES

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

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

NOTE 6 PASS THROUGH ENTITIES

Federal awards have been passed through the following entities:

WI DHS - Wisconsin Department of Health Services
WI DPI - Wisconsin Department of Public Instruction

*Draft - Preliminary Only
For Discussion Purposes Only
Subject to Change
Not to be Reproduced*

**SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of the Auditors' Results

Basic Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified? | Yes |
| 3. Noncompliance material to basic financial statements noted? | No |

Federal and State Awards:

- | | |
|--|---------------|
| 1. Internal control over major programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified? | None Reported |
| 2. Type of auditors' report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 4. Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Guidelines</i> ? | No |

Identification of Major Federal Programs:

| CFDA Number | Name of Federal Program |
|---------------|--|
| 10.553/10.555 | Child Nutrition Cluster |
| 84.425 | Elementary and Secondary School Emergency Relief |

Identification of Major State Programs:

| State ID Number | Name of State Program |
|-----------------|--|
| 255.101 | Special Education and School Age Parents |
| 255.201 | Equalization Aids |
| 255.204 | Integration Transfer Non Resident |
| 255.36 | Four Year Old Kindergarten |

Audit threshold used to determine between Type A and Type B programs:

- Federal Awards \$750,000
- State Awards \$250,000

Auditee qualified as low-risk auditee Yes

**SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

| Finding No. | Control Deficiencies |
|---------------------------------|--|
| 2022-001 | Preparation of Annual Financial Report Repeat of Finding 2021-001 |
| Type of Finding: | Significant Deficiency in Internal Control over Financial Reporting |
| Condition: | Current District staff maintains accounting records which reflect the District's financial transactions; however, preparing the District's annual financial report, including note disclosures, involves the selection and application of specific accounting principles which would require additional experience and knowledge. The District contracts with us and our knowledge of applicable accounting principles, financial statement format, and note disclosures to assist in the preparation of the annual financial report in an efficient manner. However, as independent auditors, CLA cannot be considered part of the District's internal control system. As part of its internal control over preparation of its financial statements, including disclosures, the District had implemented a comprehensive review procedure to ensure that the financial statements, including note disclosures, are complete and accurate. |
| Criteria: | The preparation and review of the annual financial report by staff with expertise in financial reporting is an internal control intended to prevent, detect and correct a potential omission or misstatement in the financial statements or notes or other required state financial reports. |
| Effect: | The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected. |
| Cause: | District management has determined that the additional costs associated with training staff to become experienced in applicable accounting principles and note disclosures outweigh the derived benefits. |
| Effect: | Without our involvement, the District may not be able to completely prepare an annual financial report in accordance with accounting principles generally accepted in the United States of America. |
| Recommendation: | We recommend the District continue reviewing the annual financial report. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and knowledge of the District's activities and operations. While it may not be cost beneficial to train additional staff to completely prepare the report, a thorough review of this information by appropriate staff of the District is necessary to obtain a complete and adequate understanding of the District's annual financial report. |
| Views of Responsible Officials: | Management will continue to rely on the audit firm to draft the financial statements and the related notes to the financial statements, and will review, approve, and accept responsibility for the annual financial report prior to its issuance. |

**SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

There are no audit findings and questioned costs required to be reported under the Uniform Guidance and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration for the year ended June 30, 2022.

Section IV – Other Issues

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

4. Name and signature of partner

Jake Lenell, CPA

**SCHOOL DISTRICT OF ELMBROOK
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022**

Prior Year Audit Findings

The findings noted in the 2021 schedule of findings and questioned costs have been reported to the proper federal and state agencies. The current status of the prior year audit findings, as provided by management, follows:

2021-001 Preparation of Annual Financial Report

Management continues to rely upon the audit firm to prepare its financial statements. This finding is repeated as 2022-001.

Corrective Action Plan

2022-001 Preparation of Annual Financial Report

Management feels the cost of training additional staff to completely prepare the annual financial statements and note disclosures outweighs the benefits. Our Accounting staff has reviewed and approved the financial statements and other information prior to issuance.

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